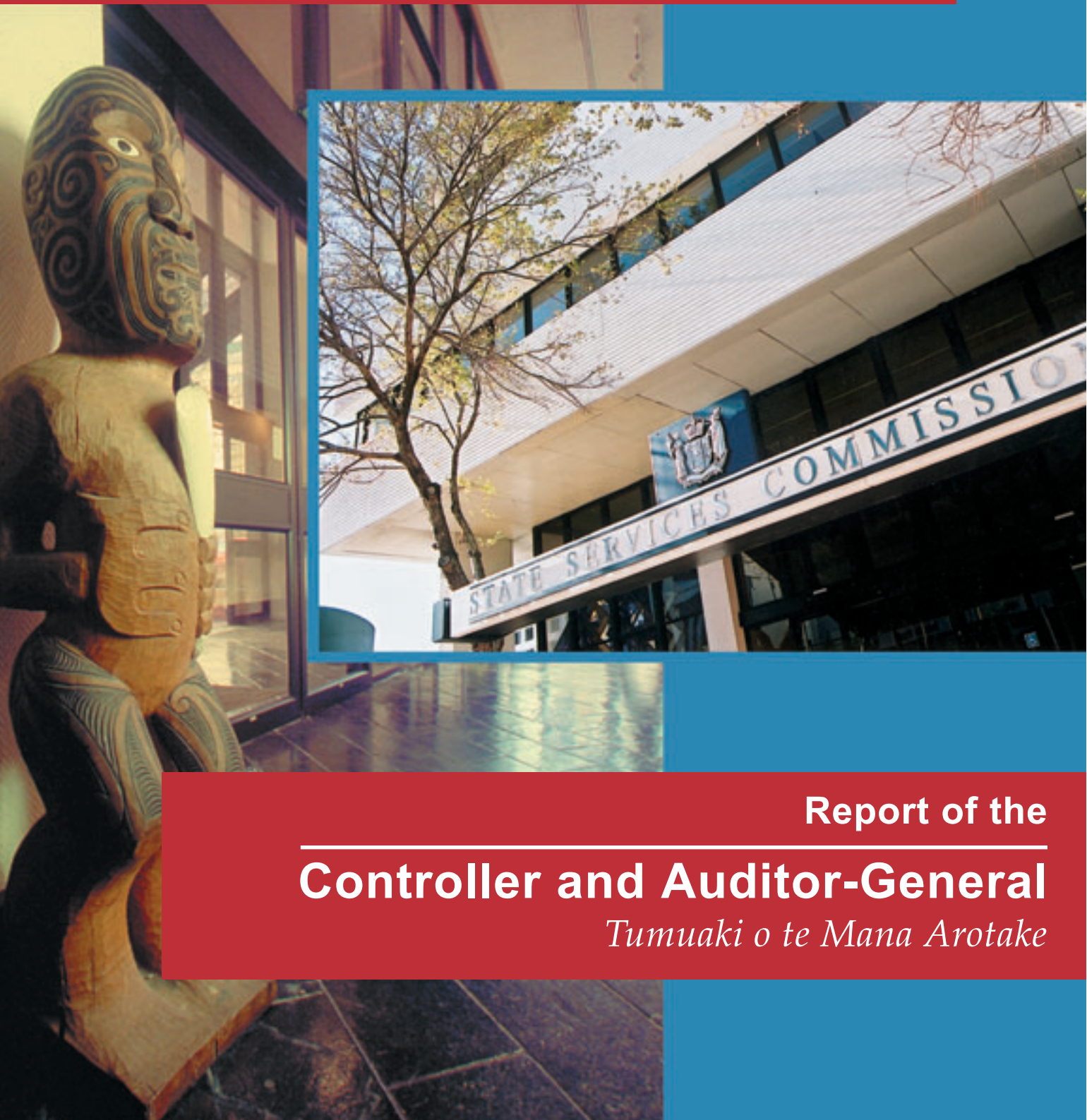


The State Services Commission: Capability to Recognise and Address Issues for Māori



Report of the
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Tumuaki o te Mana Arotake

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Controller and

Auditor-General

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The

State Services Commission:

Capability to Recognise and

Address Issues for Māori

January 2004

Foreword

The Government influences outcomes for Māori through its policies and funding, and through the activities of government. Furthermore, the Crown has a special relationship with Māori in the context of the Treaty of Waitangi.

The State Services Commissioner has specific functions in relation to the Public Service under the State Sector Act 1988, and is supported in carrying out those functions by the State Services Commission. In so doing, the Commission provides assurance to the Government about departments' capability (including the ability of departments to effectively address issues for Māori), advises Ministers on matters within the mandate of the State Services Commissioner, and carries out certain responsibilities in relation to Equal Employment Opportunities within the Public Service.

I view the Commission's functions – and its ability to perform them – as critical to the performance of our Public Service. I therefore decided to examine the capability of the Commission to address issues for Māori in carrying out its various roles and responsibilities.

The Commission has positioned itself well to work alongside departments to build a Public Service that produces more effective outcomes for Māori. Defining and giving effect to this role is a challenging task – requiring the Commission to adopt a role and set strategic priorities that balance various objectives: being responsive to the assurance needs of Government, acknowledging the responsibilities of departmental chief executives, and observing the proper mandate and powers of the State Services Commissioner.

On the whole, the Commission has been successful in meeting this challenge. However, the audit did identify some areas in relation to the Commission's departmental assurance function where the Commission could further enhance its capability, and we have recommended ways in which improvements could be made.

I thank the State Services Commissioner and his staff for their willing participation in this audit, and for their co-operation in meeting my auditors, providing documentation, and reviewing audit papers.



K B Brady
Controller and Auditor-General

22 January 2004



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Executive Summary

Why Did We Carry Out this Audit?

The Public Service needs to be able to respond effectively to the Government's goals for Māori. These goals include improving social and economic outcomes for Māori, and upholding the principles of the Treaty of Waitangi. Building organisational capability – including Māori capability – is a key dimension of Public Service departments' performance.

The State Services Commission (the Commission) supports the State Services Commissioner (the Commissioner) in discharging his statutory functions and responsibilities in relation to the Public Service under the State Sector Act 1988. A part of this role involves the Commission providing assurance to the Government about departments' strategy, capability and performance. This includes providing assurance to the Government that chief executives develop and maintain their departments' capability to address issues for Māori.

Given this role, we examined the Commission's own capability to recognise and address issues for Māori. Our examination focused on:

- the Commission's interpretation of its roles and obligations in relation to Māori and the Public Service;
- the Commission's corporate capability;
- the role of the Deputy Commissioner Teams in providing assurance;
- the Commission's policy advice process – using the Senior Leadership and Management Development initiative as an example; and
- the Commission's performance of its Equal Employment Opportunities responsibilities.

What Did We Think of the Commission's Māori Capability Overall?

We found that the Commission has positioned itself well to work alongside departments and the wider public sector to work more effectively for Māori. There are some areas where we think the Commission could further enhance its capability, and we have made some recommendations in this regard.



Roles and Responsibilities

A well-defined role and strategic priorities have given the Commission's work a clear focus, and the means to respond effectively to the Government's strategic goals. The Commission's accountability documents recognise responsiveness to Māori as a priority focus for the Commission's future work, supporting the emphasis it places on this role.

There is some potential for confusion between the role of Te Puni Kōkiri and the Commission in relation to providing advice within the Public Service on matters regarding departmental capability. The Commission has recognised this risk, and initiated discussions with Te Puni Kōkiri to address any potential confusion. We recommend that the Commission complete its discussions with Te Puni Kōkiri to clarify their respective roles, and clearly articulate its role in relation to Māori to other departments and stakeholders.

The Commission's Corporate Capability

The Commission has in place appropriate internal systems and processes to give effect to its role for Māori, and translate its strategic objectives into action. A coherent *Māori Responsiveness Strategy* is supported by human resources policies and practices designed to maintain and enhance corporate Māori capability.

The Commission has a number of initiatives in progress, and has recognised the need to integrate Māori capability into business plans and staff accountability requirements. As its *Māori Responsiveness Strategy* is progressively implemented, the Commission should consider measuring the success of the *Strategy* by evaluating the impact of initiatives.

Departmental Capability Assurance

A key aspect of the role of the Deputy Commissioner Teams (DC Teams) is the provision of capability assurance through the management and review of departmental and chief executive performance.

The Commission carries out its capability assurance role in the context of an integrated approach to departmental and chief executive performance review. The Commission's recent change from a largely formal and prescriptive performance management model to an interactive and flexible



approach has established a solid platform for a relationship with departments. This includes providing assurance to Ministers on a range of capability issues in departments and sectors.

The chief executives we consulted confirmed the benefits of the Commission's approach. They noted that a closer and more positive relationship with the Commission had created a better understanding of their department's business and of factors influencing performance. These factors include the challenges of developing and maintaining relationships with a wide range of Māori stakeholders.

The Commission has given careful consideration to the skills and experience needed by the four DC Teams to identify and analyse issues for Māori in the context of a wider assessment of capability across departments. A "knowledge leadership" initiative among the teams has the potential to complement current informal sharing of information.

As part of a well-documented and comprehensive performance review process, the DC Teams draw on a variety of information sources to identify the Māori capability needs of departments. In this process, the teams have regard to the different roles of departments, and the particular environments in which the departments operate. Issues for Māori are raised and debated with chief executives – as relevant to the circumstances of the particular department.

We recognise that, in relation to the assessment of Māori capability in departments, the Commission's role is limited to making judgements and informing Ministers about how well departments are performing, and how they could do better. The departments themselves are responsible for establishing the necessary capability to respond to issues for Māori.

However, we are not confident from our examination of the DC Teams' current approach to engagement with departments, that:

- the engagement that occurs between DC Teams, departments and stakeholders was as organised and transparent as some chief executives would wish;
- the Commission had a consistent, systematic and forward-looking approach to assessing the significance of Māori capability issues it might identify;
- the Commission's views on departments' capability generally were of consistent quality, based on a strategic and risk-based capability-assessment approach; and



EXECUTIVE SUMMARY

- the key exchanges that may occur between the Commission and departments were being documented.

The Commission should take steps to provide more clarity, formality, and certainty in its relationships with chief executives and their departments. This could involve providing chief executives with a written explanation of the roles of Deputy Commissioners and DC Team members in relation to capability assurance generally (and Māori capability). This explanation would also record an agreed understanding of the nature of the interaction between the Commission and the department, and how that will take place. Such an approach would increase understanding while maintaining the necessary flexibility in approach.

The Commission would benefit from having a more consistent strategic and risk-based approach to identifying Māori interests in departments – and across sectors. The absence of such an approach limits its ability to shape and target its Māori capability assurance role, and to make best use of its resources. To these ends, we recommend that the Commission consider instituting an annual strategic capability assessment. This could involve DC Teams:

- undertaking risk-based assessments of capability and performance challenges for each sector and department – including Māori capability challenges; and
- using these assessments to identify the action required to address the recognised challenges.

In April 2003, the Commission undertook a thematic analysis of issues emerging from chief executive performance reviews. This analysis identified several common challenges arising for departments – including responsiveness to Māori. We think this initiative is positive, and should be undertaken annually. The analysis could thus serve as a valuable resource for the Commission in developing its strategic goals and forward work programme across the organisation.

There is potential for the Commission to enhance its capability to work with departments on issues of Māori capability – in conjunction with Te Puni Kōkiri as necessary. Systematic planning, within the framework of an agreed engagement relationship with departments, should also bring more depth, breadth and consistency to the quality of the advice that the Commission provides to Ministers on Māori capability, and to the Commission's relationship with departments.



Policy Development: the Senior Leadership and Management Development Strategy

We considered the capability of the Commission to identify, analyse, and advise on issues for Māori in a major policy project. For this purpose we used the example of the Senior Leadership and Management Development (SLMD) strategy.

In developing the SLMD strategy, the Commission displayed a strong policy capability to identify and analyse issues for Māori. This capability was reflected through:

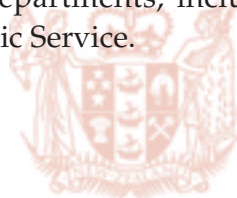
- sound project management;
- problem analysis and needs assessment;
- theoretical and empirical research;
- consultation with stakeholders – including chief executives and Māori public servants;
- programme design to incorporate diversity considerations – including a focus on the needs of Māori; and
- a framework for evaluating impact.

The SLMD strategy was well aligned to the Government's strategic goals for Māori and the Public Service, and was integrated with other policy work within the Commission to address matters raised by the Advisory Group on the Review of the Centre.

Equal Employment Opportunities

The State Sector Act 1988 makes the Commissioner responsible for promoting, developing and monitoring Equal Employment Opportunities (EEO) policies and programmes for the Public Service. Promoting and developing EEO in the workplace contributes to the creation of a Public Service that is capable of achieving Government outcomes in all areas of policy development and service delivery. We examined the way in which the Commission carried out this role, with respect to Māori.

The Commission has clearly defined its own role in promoting EEO in relation to the role of departments. It has addressed employment issues for Māori as a critical component of EEO within the Public Service, setting objectives for departments, including some in relation to Māori participation in the Public Service.



Part One

Introduction

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State Sector

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[PART I

[STATE SERVICES COMMISSIONER

[3. State Services Commissioner—There shall be an officer to be called the State Services Commissioner, who shall be appointed by the Governor-General in Council on the recommendation of the Prime Minister.

[Duties, Functions, and Powers of Commissioner

[4. Commissioner to be chief executive of State Services Commission—The Commissioner shall be the chief executive of the department of State known as the State Services Commission.

[5. Duty of Commissioner to act independently—Except as provided in sections 35, 36, 38, and 39 of this Act, in matters relating to decisions on individual employees, the Commissioner shall not be responsible to the Minister but shall act independently.

[6. Functions of Commissioner in relation to Public Service—The principal functions of the Commissioner are—

- (a) To review the machinery of government including—
 - (i) The allocation of functions to and between Departments; and
 - (ii) The desirability of or need for the creation of new Departments and the amalgamation or abolition of existing Departments; and
 - (iii) The co-ordination of the activities of Departments;
- (b) To review the performance of each Department, including the discharge by the chief executive of his or her functions;
- (c) To appoint chief executives of departments and to negotiate their conditions of employment;
- (d) To provide and maintain in association with chief executives a senior executive service for the Public Service;
- (e) To negotiate conditions of employment of employees in the Public Service;
- (f) To promote and develop personnel policies and standards of personnel administration for the Public Service;
- (g) To promote, develop, and monitor equal employment opportunities, policies and programmes for the Public Service;

What Is “Capability”?

- 1.1 The term “capability” is much used in the Public Service, but open to interpretation. For the purposes of this audit, we have taken the term to refer to the ability of a government department to obtain the combinations of people, resources, systems and structures necessary to provide goods and services efficiently now and in the future, in accordance with the Government’s functions.¹
- 1.2 Of more specific concern in this report is what we generally refer to as “Māori capability” – the capability that a department requires in order to effectively provide goods and services (including policy advice) in relation to Māori.

What Was the Objective of Our Audit?

- 1.3 In carrying out this audit, our objective was to assess the capability of the State Services Commission (the Commission) to recognise and address issues for Māori in the advice it provides to other departments and Ministers.
- 1.4 The role of the Commission in giving effect to the Commissioner’s departmental and chief executive performance review functions, as set out in section 6(b) of the State Sector Act 1988, is to provide assurance to the Government that chief executives develop and maintain their department’s capability on Māori responsiveness.

Why Is Capability Important?

Policy Goals Are Set ...

- 1.5 Capability is central to results. The Government has clear expectations of the Public Service in relation to the results it wants to achieve for Māori. The Government influences Māori outcomes through its policies and funding, and the way that public sector entities purchase and deliver services.

¹ This definition has been adapted from that promulgated by the State Services Commission to departments as part of the Managing for Outcomes initiative, and applied to the introduction of Statements of Intent.



INTRODUCTION

- 1.6 In October 2002, the Government published a set of high-level goals to help public sector entities focus their efforts in accordance with its overall policy intentions. These goals include –
- ***Reduce Inequalities in Health, Education, Employment and Housing.***
Reduce the inequalities that currently divide our society ... by supporting and strengthening the capacity of Māori and Pacific Island communities.
 - ***Strengthen National Identity and Uphold the Principles of the Treaty of Waitangi.***
*Celebrate our identity in the world as people ... who value our diverse cultural heritage; and resolve at all times to endeavour to uphold the principles of the Treaty of Waitangi.*²

... and Departments Work Towards Those Policy Goals

- 1.7 Each departmental chief executive is responsible for their department's achievement of results. This responsibility includes ensuring that their organisation addresses issues for Māori in the course of its day-to-day activities. Building organisational capability – including capability to be effective for Māori – is a key dimension of departmental performance.
- 1.8 Departments have varying degrees of capability to have a positive impact on outcomes for Māori – as clients or stakeholders. Meeting the Government's goals for Māori is a significant challenge for many departments.

How Does the Commission Fit In?

- 1.9 Under the State Sector Act 1988, the State Services Commissioner (the Commissioner) is a statutory office. The person holding the office of Commissioner has two sets of responsibilities under the State Sector Act:
- first, in relation to the Public Service, as Commissioner; and
 - secondly, as Chief Executive of the Public Service department that helps the Commissioner carry out his functions – the Commission.

² *Key Goals To Guide The Public Sector In Achieving Sustainable Development*, Department of the Prime Minister and Cabinet, October 2002.



The Responsibilities of the Commissioner in Relation to the Public Service

- 1.10 Under section 6 of the State Sector Act, the functions of the Commissioner in relation to the Public Service include:
- reviewing the machinery of government – including the allocation of functions between government departments, whether new departments need to be created and the amalgamation and abolition of existing departments, and co-ordinating the activities of departments;
 - reviewing the performance of each department and its chief executive;
 - appointing chief executives and negotiating their conditions of employment;
 - negotiating conditions of employment of employees in the Public Service;
 - promoting and developing personnel policies and standards of personnel administration for the Public Service;
 - promoting, developing and monitoring equal employment opportunities policies and programmes for the Public Service;
 - providing advice on the training and career development of staff; and
 - providing advice on management systems, structures, and organisations.
- 1.11 The Commission exists to support the Commissioner in discharging the statutory functions and responsibilities outlined above. A part of this role involves the Commission providing assurance to the Government on the strategy, capability and performance of Government departments – including in relation to departments' Māori capability.
- 1.12 The assurance role provides an opportunity for the Commission to promote better practice, thereby providing chief executives and their departments with the opportunity to enhance their Māori capability. The capability of the Commission to perform both its overall role, and its role in relation to Māori is vital to the Government's achievement of its strategic goals.



INTRODUCTION

The Responsibilities of the Commissioner as Chief Executive of the Commission

- 1.13** Section 32 of the State Sector Act sets out the principal responsibilities of Public Service chief executives. As a chief executive, the Commissioner is responsible to the Minister of State Services for:
- carrying out the functions and duties of the Commission (including those imposed by Act or by the policies of the Government);
 - tendering advice to the Minister of State Services and other Ministers of the Crown;
 - the general conduct of the Commission; and
 - the efficient, effective, and economical management of the activities of the Commission.
- 1.14** In this regard, the Commissioner is responsible for ensuring that the Commission has the means to deliver on its role of supporting the Commissioner.

How Did We Carry Out the Audit?

- 1.15** We were interested in the Commission's Māori capability in relation to the following specific activities:
- strategic planning and human resources management processes;
 - advising departments on strategy, capability, and performance;
 - providing assurance to the Government on departmental Māori capability; and
 - developing policy advice – using the Senior Leadership and Management Development strategy project as an example.
- 1.16** We also considered how the Commission was placed to fulfil the Equal Employment Opportunities (EEO) responsibilities in respect of the Public Service under the State Sector Act, and, in particular, those responsibilities that relate to Māori.



- 1.17 The first step in the audit was to reach an understanding of the Commission's role as it related to Māori. This understanding formed the basis for an examination of the different functions and activities through:
- interviews with Deputy Commissioners, Branch Managers and their staff; and
 - reviews of accountability and other relevant documents.
- 1.18 We also asked the chief executives of six government departments for their views on their relationship with the Commission, and about aspects of the Commission's assessment of departmental capability, with particular reference to the management of issues for Māori.
- 1.19 We summarised our findings in a series of papers that we discussed with the Commission and used as the basis for this report.
- 1.20 We did not examine the processes followed by the State Services Commissioner in the appointment and re-appointment of departmental chief executives, although we did consider how the Commission might reflect any advice regarding departments' performance for Māori in chief executives' performance reviews.
- 1.21 Neither did we examine the capability of the Commission's Treaty Information Unit – this unit was in the process of being established when we undertook the audit.



Part Two

The Role of the State Services Commission in Relation to Māori

Māori working in the Public Service

The signing of the Treaty of Waitangi in 1840 marked the beginning of constitutional government in New Zealand, creating the founding document of our nation. It also created a special relationship between Māori and the Crown.

The State Sector Act 1988 recognises the aims and aspirations and employment requirements of Māori and the need for greater involvement of Māori in the Public Service.

Working within the Public Service provides a unique opportunity for Māori to shape policy and service delivery to ensure that it works effectively for all New Zealanders. This can be achieved through any number of career paths, in roles directly and indirectly related to Māori.

The Public Service needs diverse Māori viewpoints and does not presume that all Māori think and act the same.

Māori public servants face similar, and at times different, challenges from those faced by non-Māori. For Māori public servants, tension between Māori priority and government priority is often real. But challenges and rewards frequently go hand in hand.

One senior Māori public servant characterises his work as:

- intellectually demanding;
- emotionally fraught; and
- pragmatically significant.

Te Māori me te mahi i Te Ratonga Tūmatanui

Nā te hainatanga o Te Tiri o Waitangi i te tau 1840 i whakohia ai te tūmatanga o te kōwhirianga ki Aotearoa nei, oia, te putanga ake o te tūhinga whakapōmau i a tōtou heoi iwi. I puta ake hoki te hononga motuhake ki waenganui i te Māori me te Kāwanatanga.

E whakamanatia ana e Te Ture Tairā Kōwhirianga, 1988 ngā whāinga, ngā awhero, ngā whakaritenga whiwhi mahi o te iwi Māori, kō te ture nei, me kaha rawa atu te whai whāitanga a te Māori ki roto i te Ratonga Tūmatanui.

Mā te mahi ki roto ake i te Ratonga Tūmatanui e whiwhi ai te Māori i te wā ahurei mōna ki te hanga kaupapa hēna, me te whakaputa ratonga kia āta kitea ai te tōtika o ngā mahi mō ngā iwi katoa o Aotearoa. Ka taea tōnei mā roto i te huihā o ngā āra mahi, ā, mā roto i ngā tōhanga e hāngai āra ana, e kore hāngai āra ki te Māori.

Ko te rerenga kō o ngā tōhanga Māori te tino mea e hiahiaia nei e Te Ratonga Tūmatanui. Kōroa hoki a te iwi me te mea he rite tahi te whakaaaro me te mahi a ngā Māori katoa.

He rite anō ngā wero ki ngā kaimahi tūmatanui Māori ki ētahi mō te hunga e hāngai i te Māori, ā, he wā anō, ka rere ki, i ētahi wā anō me ngā kaimahi tūmatanui Māori, ka kukume iō rātau taha Māori me iō rātau taha kōwhirianga. He mea tino mānukanuka āra atu, āra rawa atu tōnei. Hāngai tōnei, he rite tonu te haere tahi o tōnei me te wero, me tōnei me te utu. Kō tōhanga kaimahi tūmatanui Māori pakake, i pōnei ki a te ngā āhuetanga i roto i tōna mahi, āra:

- he kaha te whakahaere o te taha punenga;
- he kōroa ki te kukume o te taha kōwhirianga; ā,
- he hāngai te taha whai kōroa.

Introduction

- 2.1 The capability that a department requires is dictated by a number of factors – including its role, the outcomes it wishes to achieve, and the environment in which it operates. In considering the Māori capability of the Commission, we needed a clear understanding of the Commission's role in relation to Māori.
- 2.2 This Part considers:
- the role of the Commission in relation to Māori; and
 - the process followed to define that role and our assessment of that process.

What We Did

- 2.3 Our examination included:
- discussions with the key Commission staff involved in defining the role of the Commission in relation to Māori – in order to understand the process whereby the role was defined; and
 - reviewing documentation that showed how the Commission's role was defined.

Defining the Commission's Role in Relation to Māori

- 2.4 The Commission's internal strategy *Māori Responsiveness in the Commission: 2003-2006* (the *Māori Responsiveness Strategy*) defines the Commission's role in relation to Māori as being –
- to provide assurance to Government that chief executives develop and maintain their department's capability to address issues that impact on Māori, firstly as Treaty partners and Māori as citizens, and secondly as Public Service employees who identify as Māori.*
- 2.5 The Commission's Statement of Intent for 2003 recognises the relevance of responsiveness to Māori to the outcomes the Commission wants to achieve.



THE ROLE OF THE STATE SERVICES COMMISSION IN RELATION TO MĀORI

Assurance on Departmental Capability and Performance

- 2.6 In reviewing the performance of departments and chief executives, the Commission is responsible for assessing their performance in:
- contributing to the Government's strategic objectives for Māori or the Treaty, where appropriate;
 - managing their statutory or policy obligations relating to the Treaty and/or Māori in being a "good employer" (including EEO); and
 - providing high-quality policy advice that takes account of the impact on Māori as appropriate.
- 2.7 The Commission has recognised that many parts of the State sector have struggled to respond to the needs of Māori as citizens, employees and parties to the Treaty of Waitangi. It has identified improving State sector performance in Māori responsiveness as one of its priorities in 2003-04, and has made the commitment to assist the Public Service to develop its capability to engage with Māori.
- 2.8 The four Deputy Commissioner Teams are responsible for this work. The diagram on the next page shows the Deputy Commissioners and their teams in the structure of the Commission.

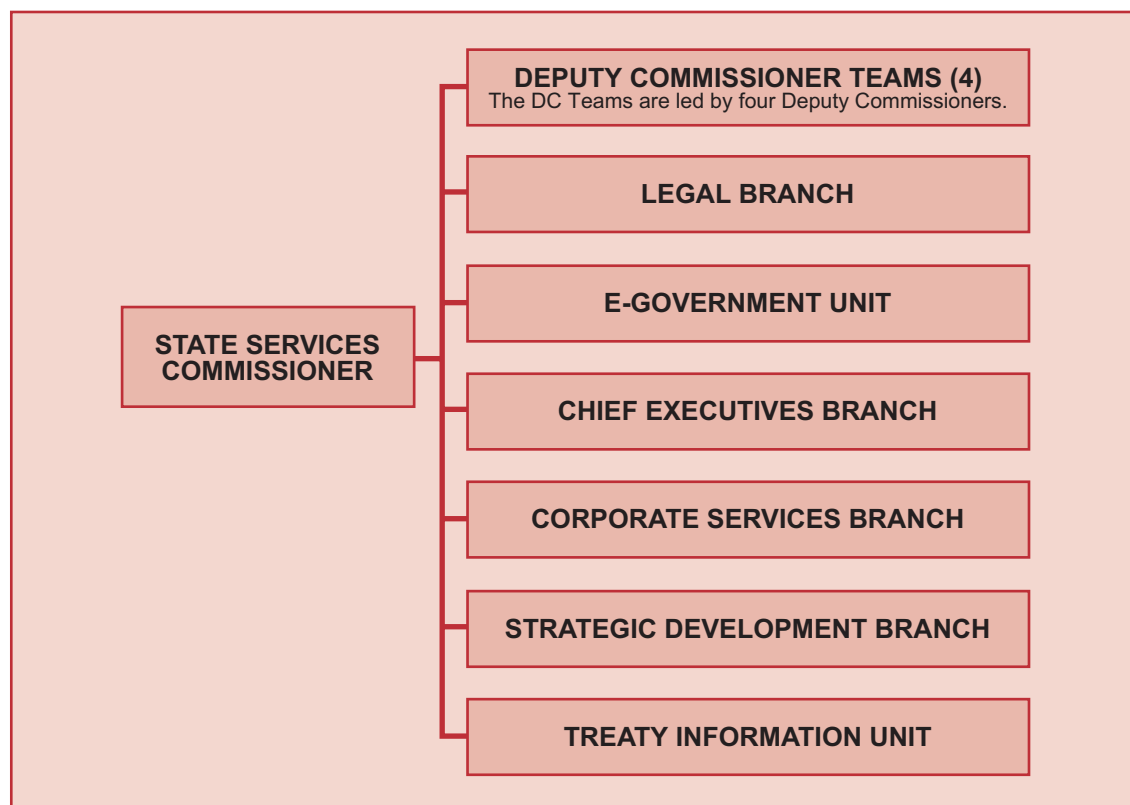
Strategic Human Resources

- 2.9 The Commission has the function of promoting, developing and monitoring EEO policies and programmes for the Public Service.
- 2.10 Māori are one of a number of target EEO groups – reflecting the need for Public Service chief executives to give effect to their good employer obligations under section 56 of the State Sector Act and recognising that Māori are making up an increasing proportion of the working-age population. Targeting Māori as an EEO group is also about ensuring that the Public Service has Māori staff with the managerial, policy and service delivery capability to achieve Government outcomes appropriately.
- 2.11 The Strategic Development Branch is responsible for this aspect of the Commission's responsibilities.



THE ROLE OF THE STATE SERVICES COMMISSION IN RELATION TO MĀORI

State Services Commission – Organisational Structure



Increasing Public Knowledge of the Treaty of Waitangi

- 2.12** From 1 July 2003, the Commission was given responsibility for managing initiatives to meet the Government's objective to increase the level of public knowledge of the Treaty of Waitangi.

Statutory Obligations as a Government Department

- 2.13** The State Services Commissioner, as chief executive of the Commission, is responsible for ensuring that the Commission meets its statutory obligations as a government department under the State Sector Act.



THE ROLE OF THE STATE SERVICES COMMISSION IN RELATION TO MĀORI

How Did the Commission Define this Role?

- 2.14 The most significant steps in the process of defining the Commission's role in relation to Māori were:
- clarifying legislative aspects of the Commission's role with the Minister of State Services in 1999; and
 - developing a Business Need Statement in 2000 on the basis of this earlier work.
- 2.15 The Commission then proceeded to compile its *Māori Responsiveness Strategy*.

1999 Briefing to the Minister of State Services

- 2.16 In order to arrive at a clearer understanding of its role in relation to Māori, in 1999 the Commission developed a view on its role in relation to Māori, which it tested with its then Minister, and subsequently adopted. It was agreed at that time that the role of the Commission would centre on capability assurance, but that the Commission would participate where appropriate in initiatives led by other agencies to promote capability improvements.
- 2.17 In its paper to the Minister, the Commission identified those of its statutory functions which were of particular relevance to its role in relation to Māori. Since primary responsibility for achieving outcomes for Māori rests with the chief executives of individual departments (as employers and in the delivery of services and other activities), the Commission considers that it can exert only indirect influence on departments through its functions under the State Sector Act.
- 2.18 In defining its role, the Commission also had regard for its own statutory obligations as a government department.

2000 Business Need Statement

- 2.19 In June 2000 the Commission formulated a Business Need Statement that built upon the earlier work of the Commission in 1999. The Business Need Statement highlighted some key challenges for the Commission, and concluded that Commission staff needed to:



THE ROLE OF THE STATE SERVICES COMMISSION IN RELATION TO MĀORI

- *have an understanding of the Treaty of Waitangi and contemporary Treaty issues;*
- *assess the capability of departments as a whole to meet Government's objectives for Māori and the Treaty;*
- *identify analytical gaps in respect of Māori and/or the Treaty where relevant in departmental policy advice;*
- *undertake analysis of the impacts of approaches to public management on Māori and/or the Treaty where appropriate; and*
- *include in chief executive recruitment, systems that give effect to the requirement to appoint chief executives who will act as good employers.*

Our Views

2.20 Given the Government's goals and statutory requirements, departments need to have:

- identified and defined their role in relation to Māori, and in so doing considered how to contribute to the Government's strategic goals in respect of Māori;
- followed a sound process when defining their role and distinguished their role from those of other agencies with which their responsibilities may overlap;
- identified strategic and business objectives that will give effect to their role; and
- ensured that their role is clearly understood by stakeholders and other departments.

2.21 In our view, the Commission has undertaken a considered analysis of its role in relation to Māori. This is demonstrated by the presentation of the Commission's initial analysis of this role to the Minister of State Services in 1999, and the subsequent formulation of the Business Need Statement and adoption of the *Māori Responsiveness Strategy*.

2.22 The recognition of responsiveness to Māori as a priority in the Commission's Statement of Intent further supports the emphasis the Commission places on its role. Through the process of defining its role, the Commission has clearly considered how to contribute to the Government's strategic goals in respect of Māori, and how this can be effected through its capability assurance role.

THE ROLE OF THE STATE SERVICES COMMISSION IN RELATION TO MĀORI

- 2.23 The Commission considers that the Ministry of Māori Development (Te Puni Kōkiri) also has a role in advising on departmental capability for Māori.³ In its *Māori Responsiveness Strategy*, the Commission has noted the need to define its roles and relationship boundaries with Te Puni Kōkiri, and has allocated responsibility for this task to the Deputy Commissioners.
- 2.24 As yet, the boundary between the roles of the Commission and Te Puni Kōkiri has not been clearly defined. We understand that the Commission has raised with Te Puni Kōkiri the issue of the respective roles of the two departments, and that discussions were scheduled. However, by mutual agreement, these discussions were placed on hold while the Commission was reviewing Te Puni Kōkiri.⁴
- 2.25 Lack of clarity over respective roles and responsibilities has the potential to create confusion for departments, blur accountabilities, and lead to duplication of effort. We recommend that the Commission give priority to reaching agreement with Te Puni Kōkiri over their respective roles.
- 2.26 The Commission has concluded that its role in relation to Māori should centre on providing capability assurance to the Government that chief executives develop and maintain their department's capability to address issues that impact on Māori – firstly as treaty partners and citizens and secondly as Public Service employees who identify as Māori. While the Commission has communicated its broader role in relation to departmental capability assurance to departments and key stakeholders, wider communication of the Commission's role in respect of Māori capability assurance has yet to occur.
- 2.27 The role of the Commission in relation to Māori should be clearly articulated to departments. This will give departments a better understanding of the Commission's responsibilities – as well as clarifying the Commission's role of providing advice and assurance to departments on Māori capability. Clearer communication of the Commission's role would also make it easier for Te Puni Kōkiri to fulfil its own roles.

3 Section 5 of the Ministry of Māori Development Act 1991 defines the particular responsibilities of the Ministry as including:

- Promoting increases in the levels of achievement attained by Māori with respect to:
 - Education;
 - Training and employment;
 - Health;
 - Economic resource development;
- Monitoring, and liaising with, each department and agency that provides or has a responsibility to provide services to or for Māori for the purpose of ensuring the adequacy of those services.

4 The Commissioner has reviewed Te Puni Kōkiri's management systems and their operation, in response to questions about the monitoring of Crown Entities, provision of Ministerial Services, and general capability.



Recommendations

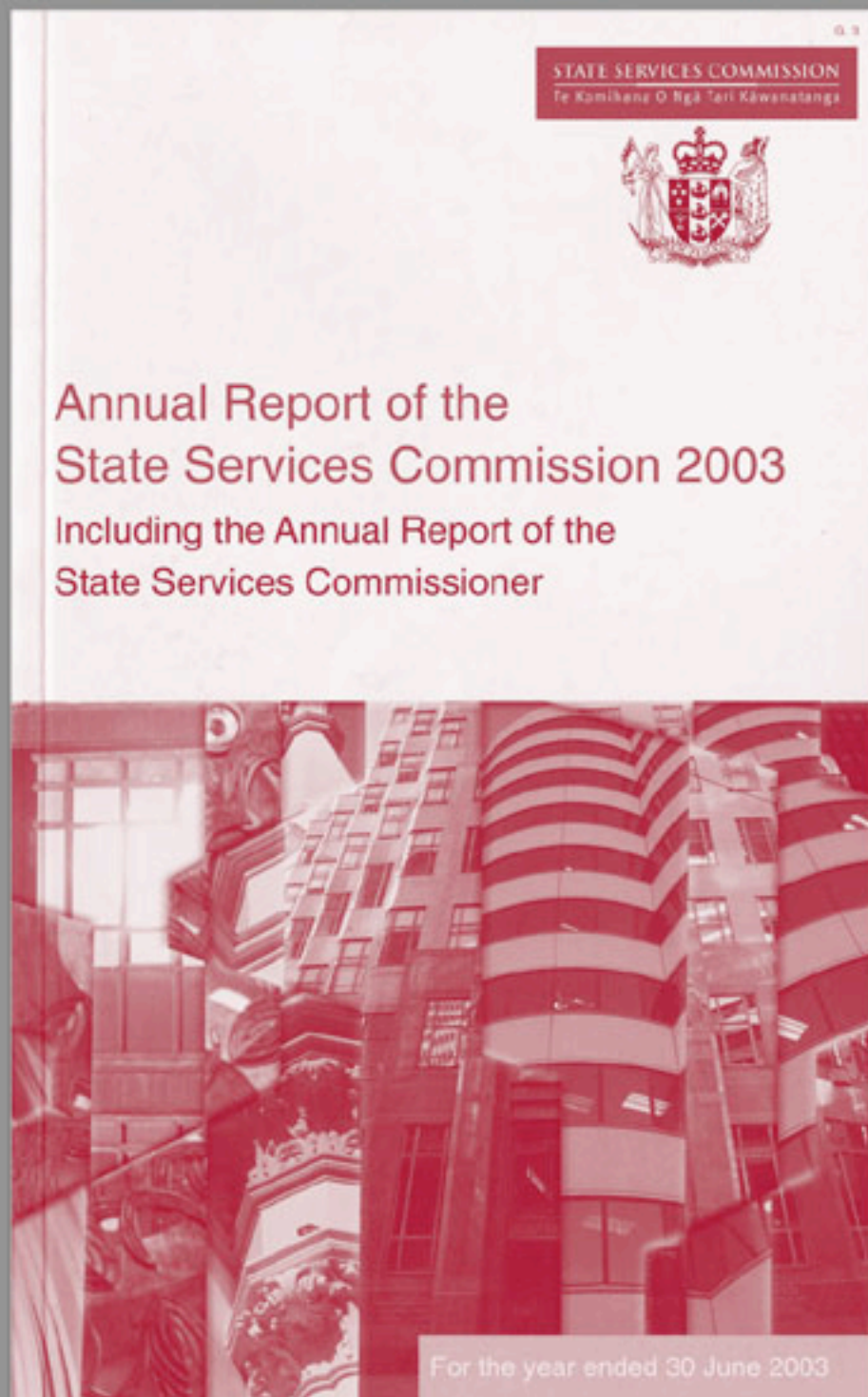
2.28 We recommend that the Commission:

- complete its discussions with Te Puni Kōkiri in order to clearly define their respective roles, thereby avoiding the potential for duplication of effort and blurred accountability; and
- clearly articulate its role in relation to Māori to departments and other stakeholders.



Part Three

The Commission's Corporate Capability



Introduction

3.1 The Commission's corporate capability in relation to Māori has two closely related (and to some extent overlapping) features:

- One relates to the way in which the Commission carries out its external roles.
- The other is concerned with the Commission's management systems, processes and practices as they relate to the Commissioner's role as a "good employer" as required by section 56 of the State Sector Act.

3.2 In this Part of the report we consider how well the Commission is equipped to address these two features. In so doing, we discuss:

- strategic objectives and capability needs;
- the *Māori Responsiveness Strategy*;
- human resources policies and practices;
- access to advice on Māori issues; and
- information systems.

What We Did

3.3 We examined how the Commission's *Māori Responsiveness Strategy* was put together. We discussed the focus of the strategy with senior managers in the Commission, seeking evidence of policies and practices relevant to the development and maintenance of organisational capability. We examined:

- the competencies required of staff and managers;
- policies for recruiting and retaining staff;
- policies for meeting the needs of Māori staff in the Commission;
- training programmes in Māori responsiveness and on the Treaty of Waitangi;
- sources of advice available to staff on Māori issues; and
- information systems relevant to the work of Commission staff on Māori issues.



- 3.4 In the course of our discussions, we also considered the Commission's ability to measure the impact of its Māori responsiveness initiatives.

Identifying Capability Needs

- 3.5 The Commission has articulated its strategic objectives in respect of Māori through its Statement of Intent. These objectives are reflected in its Output Plan.
- 3.6 The Commission's Statement of Intent for 2003 observes that the State sector has to do more to respond to the needs and demands of Māori, and notes that this task will place extra demands on the Commission's capability. Improving State sector performance in Māori responsiveness is identified as a priority for the Commission in 2003. The Commission makes a commitment to assisting the Public Service to develop its capability to engage with Māori, and notes that it requires staff who understand the Commission's role in responsiveness to Māori and have the capability to address issues that impact on Māori.

The Commission's Māori Responsiveness Strategy

Compiling the Strategy

- 3.7 The Commission has defined its role in relation to Māori as being –
- to provide assurance to Government that chief executives develop and maintain their department's capability to address issues that impact on Māori, firstly as Treaty partners and Māori as citizens, and secondly as Public Service employees who identify as Māori.*
- 3.8 The Commission has used this definition of its role to assess its capability needs. It has also taken account of the requirement for the State Services Commissioner to meet his statutory good employer obligations under the State Sector Act.
- 3.9 The Commission has recognised the need to establish the capability to understand the debates and practices surrounding the Treaty of Waitangi and, where relevant, to act on opportunities to actively engage with Māori. The Commission compiled the *Māori Responsiveness Strategy*, containing its three-year commitments in relation to responsiveness to Māori and the Treaty of Waitangi. After compiling the strategy, the Commission then looked at its capability to deliver the strategy.

- 3.10 An internal working group (described in paragraph 3.43 on page 41) drew on a range of resources from inside and outside the Commission, and considered the approaches and strategies adopted by other departments. The Commission's Management Team formally adopted the *Māori Responsiveness Strategy* in February 2003.
- 3.11 Members of the working group have continued to be involved with implementing the strategy, while carrying out their day-to-day work. They are also sources of advice on a range of Commission matters as they relate to Māori – for example, within the Deputy Commissioner Teams.

What Does the Strategy Contain?

- 3.12 The content and focus of the *Māori Responsiveness Strategy* reflects the Commission's roles and employer obligations. Specific action plans, which are discussed further below, underpin the strategy.
- 3.13 The strategy has four strands:
- two focus on the Commission's external interactions with departments and across the Public Service (Treaty of Waitangi and Responsiveness to Māori); and
 - two focus on the Commission's internal activities and support (Responsiveness to the Commission's Māori staff and Mātauranga Māori⁵).
- 3.14 The strategy is supported by action plans contained in the Commission's plan for developing the SSC's Māori responsiveness capability. These action plans include, among other things:
- enhancing the skills and competency requirements of the State Services Commissioner and Branch Managers in respect of Māori responsiveness and the Treaty of Waitangi, and strengthening their responsibilities to promote the Commission's capability in relation to Māori responsiveness;
 - increasing the expertise, knowledge and understanding of staff relating to the Treaty of Waitangi and Māori responsiveness; and
 - refining recruitment, retention and performance management policies to address the need for Treaty of Waitangi and Māori responsiveness competencies.

5 The Commission defines Mātauranga Māori as Māori knowledge and related skills.

THE COMMISSION'S CORPORATE CAPABILITY

- 3.15 The Commission has already made some progress under its action plans. For example, most Commission staff attended a training programme in 2002: "Treaty of Waitangi and Government Responses: Understanding the Context". Managers have attended an introductory course in Te Reo Māori⁶, which has now been expanded to all staff, and a section on Māori responsiveness has been made available to staff on the Commission's Intranet.

Monitoring Implementation of the Strategy

- 3.16 Responsibility for leading implementation of the *Māori Responsiveness Strategy* rests with the Branch Manager, Corporate Services Branch. The business plan for the Corporate Services Branch has as one of its objectives –

implementing agreed actions from the Māori Responsiveness Strategy and the work on developing the Commission's Māori Responsiveness Capability.

- 3.17 The Commission acknowledges that, to date, reporting on implementation of the strategy to the Management Team has been largely informal, taking place through weekly meetings of Branch Managers. In addition, some information on diversity and ethnicity is provided in a regular status report to formal monthly Management Team meetings on the staff profile of the Commission. The Commission intends to present more formal, specific quarterly reports to the Management Team in the future.

Human Resources Policies and Practices

- 3.18 We examined staff competencies, recruitment processes, training, and the nature of the workplace in order to establish the extent to which these supported the Commission's *Māori Responsiveness Strategy*.

Staff Competencies

- 3.19 The Commission has a competency framework designed to serve as a guide to the development of staff capability and performance. The framework specifies competencies focused on supporting the Commission's performance in two key areas:
- being the authority on public management and departmental performance; and

6 The Māori language.



- delivering results and outcomes, adding value, and meeting promises within the letter and spirit of the Commission's values.
- 3.20 The framework specifies, for all Commission positions, a common set of required core technical knowledge, skills, and behavioural competencies. Core staff competencies include knowledge and understanding of the Treaty of Waitangi, and the ability to identify and analyse issues for Māori in their work. These competencies were reflected in the job descriptions we examined.
- 3.21 The six areas of core technical knowledge and skills include Treaty of Waitangi Knowledge and Skills, and Māori Responsiveness Knowledge and Skills.
- 3.22 Many of the behavioural competencies require staff to be able to consider implications for Māori or to have regard to the Treaty of Waitangi context as necessary in their daily work. The competency framework refers specifically to issues for Māori in relation to the behavioural competencies of:
- analytical thinking;
 - client or stakeholder service commitment;
 - conceptual thinking;
 - Government and sector awareness;
 - leadership; and
 - relationship building and management.
- 3.23 Where necessary, position descriptions require staff to have additional specialist knowledge and skills in relation to Māori responsiveness or the Treaty of Waitangi – as reflected, for example, in requirements for the position of Director, Treaty Information Unit. General staff selection criteria include an understanding of, and/or willingness to learn more about, equal employment opportunities (EEO) and the Treaty of Waitangi.



Recruitment Processes

- 3.24 The Commission's Recruitment Guidelines require selection panels for positions demanding a good knowledge of Māori responsiveness to include at least one Māori member or someone with a good knowledge of Māori issues. Māori staff are invited to sit on interview panels when considered appropriate. In some instances, Māori from outside the Commission are invited to sit on a panel – such as for the appointment of Branch Managers.
- 3.25 When using consultants to recruit staff, the Commission has a policy of searching for potential Māori candidates. From time to time, it has also contracted a consultant to search for potential Māori candidates for selected roles.
- 3.26 On induction, staff are referred to training resources available through the Commission's Intranet.

Training

- 3.27 After staff were invited to assess their own knowledge of the Treaty of Waitangi, in 2002 the Commission engaged a consultant to deliver a Treaty of Waitangi training programme to staff. The programme included modules on:
- The Treaty Articles;
 - The Treaty, Law and Public Policy; and
 - Treaty relationships.
- 3.28 The modules were accompanied by case studies, and contained discussion about the relationships between the Treaty, Māori, and the State Services Commission. The training programme is to be repeated.
- 3.29 The Commission is also running a series of seminars – inviting speakers to talk about various aspects of the public sector's interactions with Māori.



Promoting a Culturally Sensitive Workplace

- 3.30 The working environment can affect staff motivation, morale and retention, and the public image of a department. The Commission has put in place policies that recognise the needs of Māori staff.
- 3.31 The Commission has established a process to assess the significance of Mātauranga Māori for the organisation. This involves determining what knowledge, skills and experience of Māori customs and culture are needed for the Commission to perform well.
- 3.32 Initiatives already taken include:
- training some staff and managers in Te Reo Māori;
 - establishing a Māori responsiveness resource on the Commission's Intranet;
 - delivering Treaty of Waitangi training; and
 - reflecting Māori responsiveness considerations in planning documents.
- 3.33 The Commission has a waiata group that supports various Commission activities, and staff follow Māori protocols where appropriate. The Commission has policies in place for koha⁷, and an EEO Policy and Plan.
- 3.34 Through a Tikanga Development Fund, the Commission offers financial assistance to Māori staff members wanting to undertake tikanga development. The Commission has a policy of supporting its Māori staff to be actively involved in activities outside the Commission that assist Māori. The Commission's Leave Policy makes provision for staff to take leave for tikanga purposes, and for appropriate leave in the case of bereavement or tangihanga. A designated meeting room – Te Waahi Korero – is used as a marae environment within the Commission.
- 3.35 A process is under way to define the Mātauranga Māori needs for all staff, and is looking at individual roles, teams, branches and Commission-wide needs. Initiatives include:
- organising block courses in Te Reo Māori;
 - documenting and promoting tikanga protocols for the Commission;

7 A contribution or gift.



- extending the appropriate use of Māori customs (e.g. use of the waiata); and
- organising seminars and training courses on the Treaty of Waitangi.

Access to Advice on Māori Issues

- 3.36 The Commission's approach to the maintenance and dissemination of advice and expertise on issues for Māori has been to rely on the willing sharing of knowledge among staff and managers, and to make use of natural contacts and networks in a small organisation. The Commission does not have a position or unit with the sole responsibility for providing advice to staff on matters relating to Māori with respect to the business of the Commission or to its internal management. Nor has the Commission established formal networks, champions, or knowledge leaders in this field.
- 3.37 However, there is a practice of drawing on the skills of relevant staff to carry out particular tasks when required. For example, three Māori staff were represented on the working group that compiled the Commission's *Māori Responsiveness Strategy*, and (where relevant) internal Māori staff have been involved in interview panels for recruiting staff.
- 3.38 Staff have on-line access to a trial analytical tool – a four-page document that prompts staff to consider questions in relation to three aspects of effectiveness for Māori:
- responsiveness;
 - the Treaty of Waitangi; and
 - indigenous rights.
- 3.39 The tool encourages Commission staff to consider, in the course of their work, the context, problems, outcomes and implications for Māori of policies or projects. Currently in trial form, the tool is being tested by the Commission for use in its work with several departments.



Information Systems

- 3.40 One of the *Māori Responsiveness Strategy* actions to be completed in 2003 is to provide useful resources to staff through the Commission's Intranet. The Intranet contains links to a wide range of searchable information held within and outside the Commission. It includes a large amount of reference material related to Māori culture and history, research and current issues, and serves as a resource library for staff and a channel for communication across the organisation.
- 3.41 The Intranet has a site dedicated to internal and external resources relevant to Māori responsiveness, including:
- training material on the Treaty;
 - the Commission's *Māori Responsiveness Strategy*, background papers, related accountability documents, and policies for Māori staff; and
 - links to departmental Māori responsiveness strategies or programmes.

Our Views

Māori Responsiveness Strategy

- 3.42 The Commission has considered its capability requirements in respect of Māori, having close regard to its defined role, its strategic objectives, and the Commissioner's statutory good employer obligations. These capability requirements are outlined in the *Māori Responsiveness Strategy*.
- 3.43 The Commission drew on appropriate skills to compile the *Strategy* – forming an internal working group comprising three senior managers and three Māori staff. These, and some other staff members, continue to be involved in implementing different elements of the *Strategy*, as well as serving as sources of advice across the organisation on issues for Māori. Care needs to be taken to manage the demands on the time of Māori staff to ensure that their work commitments are balanced. The Commission has assured us that it is well aware of this risk.
- 3.44 To establish whether the *Strategy* is being successful, it is important that the Commission monitor and measure progress against it in a systematic way to ensure that initiatives are having the desired effect.



- 3.45 The *Strategy* is supported by well-defined action plans. However, informal monitoring of progress in implementing the *Strategy* is not currently providing the Commission's senior management with a clear periodic assessment of achievements against those action plans. The *Strategy* contains initiatives to improve accountability and to formalise monitoring and reporting.
- 3.46 The Commission should explore ways to evaluate the impact of the *Strategy*. Assessment approaches could include periodic evaluations by staff of their own knowledge and familiarity with Treaty and Māori responsiveness issues. This evaluation would identify areas where the knowledge or understanding of staff could be improved by targeted activities, promoting a more consistent level of skills and competencies across the Commission.
- 3.47 Feedback from external stakeholders could provide further useful information for monitoring and reviewing the focus and direction of the *Strategy*.
- 3.48 Clear responsibility has been assigned for monitoring progress in implementing the *Strategy*. However, accountability across the organisation for meeting the goals of the *Strategy* and for promoting the achievement of the Commission's strategic objectives for Māori needs to be strengthened through branch business plans and the staff performance management system.
- 3.49 All branch business plans or similar accountability documents should contain a clear commitment to implementation of the *Strategy*. This responsibility is not currently reflected across the Commission. The Commission intends to ensure that, by 30 June 2004, branch business plans include activities that support the implementation of the *Strategy*.
- 3.50 Moreover, each branch of the Commission performs functions and carries out activities that contribute – directly or indirectly – to the achievement of the Commission's strategic objectives for Māori. Each branch business plan should explain how its functions and activities relate to the achievement of the Commission's strategic objectives for Māori, and how it will contribute to meeting the Commission's goal over the coming period.



- 3.51 The Commission needs to devise measures to make staff accountable for meeting core competencies in respect of Māori responsiveness, and for having appropriate regard to Māori responsiveness and Treaty issues in their work. The Commission acknowledges in the *Strategy* that Statements of Accountability (performance agreements) rarely address Māori responsiveness accountabilities. Once defined for each branch, Mātauranga Māori needs are to be built into position descriptions.

Human Resources Management

- 3.52 Human resources policies, working practices and information systems should be designed to maintain and enhance the Commission's capability to give effect to its roles in relation to Māori, and to promote a culture and environment that encourages diversity and is responsive to the aims and needs of Māori employees.
- 3.53 The Commission's human resources policies, working practices, and information systems are designed to maintain and enhance Māori capability, and to promote a responsive culture and environment. Staff competency requirements, recruitment processes, training, and Māori protocols and policies support capability by defining relevant skills, maintaining staff understanding of issues for Māori, and meeting the cultural needs of Māori staff.
- 3.54 The Commission's competency framework identifies competencies relevant to the roles and work of the Commission as they relate to Māori. Where appropriate, recruitment processes are tailored to meet the special competency requirements of particular positions.
- 3.55 The Commission has also put in place programmes to train staff on Treaty issues and to make them familiar with the relevance of Treaty and Māori responsiveness issues for their work.
- 3.56 The Commission has put in place policies to recognise the needs of Māori staff, and to create a culturally sensitive workplace. Further initiatives are under way.



THE COMMISSION'S CORPORATE CAPABILITY

Access to Advice

- 3.57 Staff members have access to various sources of advice on Māori issues:
- Māori staff members;
 - independent advisers;
 - the analytical tool; and
 - resources on the Commission's Intranet.
- 3.58 The Commission's trial analytical tool has the potential to serve as a valuable reference for staff members in a variety of work situations. At present, it is little used. The Commission intends to continue developing the tool, to extend its use to more departments through the Deputy Commissioner Teams, and, once it has been revised, to apply it more widely in the Commission. We encourage the Commission to give priority to encouraging staff to test the tool, in order to establish where it could most usefully be applied.
- 3.59 The Commission's Intranet offers a rich variety of information for staff, including references and research material about issues for Māori.

Recommendations

- 3.60 We recommend that, in implementing action plans identified in its *Māori Responsiveness Strategy*, the Commission give priority to:
- monitoring progress in implementing the *Strategy* and its plan to provide formal, periodic reports to the Management Team;
 - considering ways to assess the impact of the *Strategy*, including through feedback from staff;
 - introducing appropriate measures to make staff accountable for meeting core competencies in respect of Māori responsiveness, and for having appropriate regard to Māori responsiveness and Treaty issues in their work;
 - ensuring that each branch business plan or similar accountability document –
 - contains a clear commitment to implementation of the *Strategy*; and



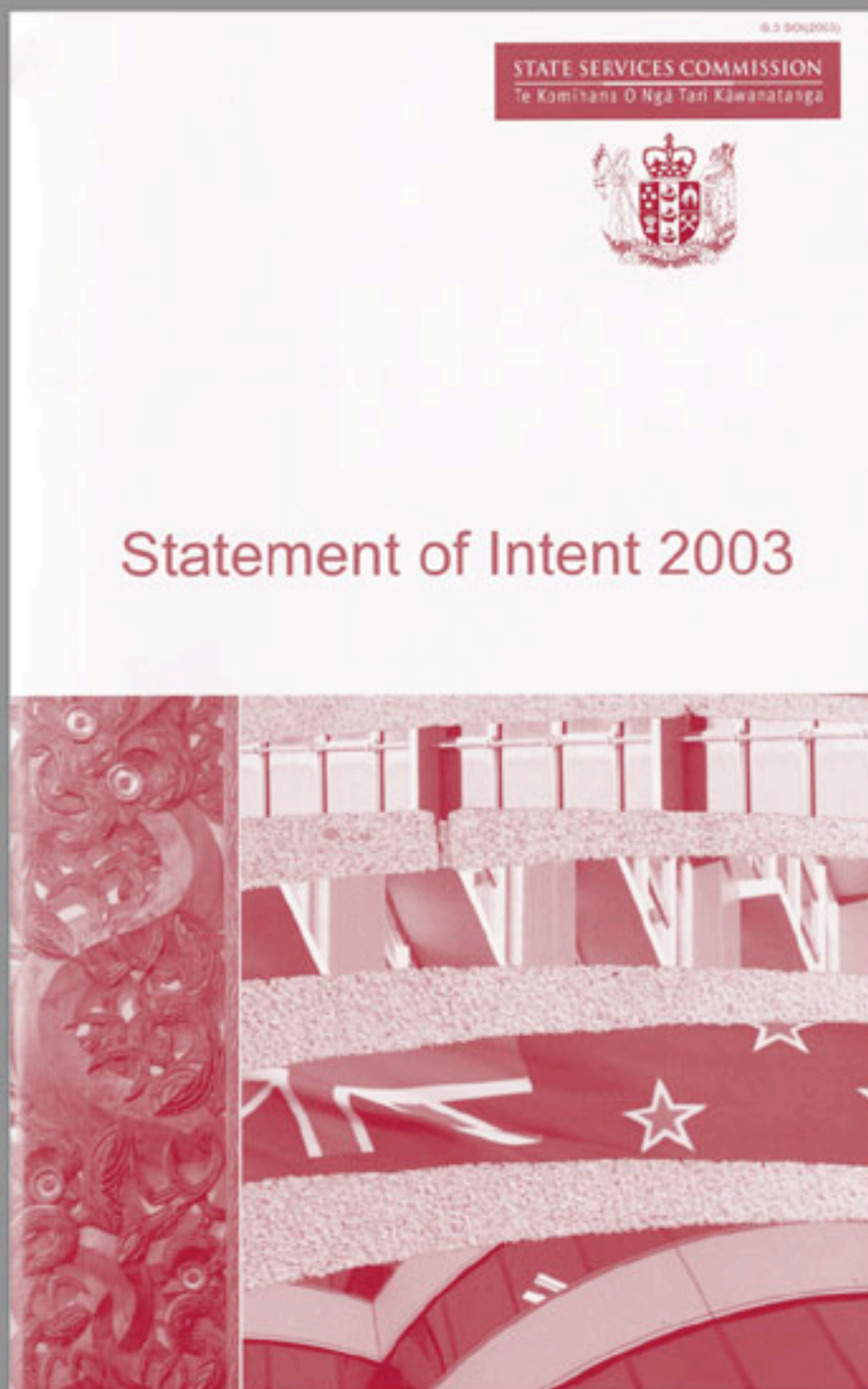
THE COMMISSION'S CORPORATE CAPABILITY

- explains how its functions and activities relate to the achievement of the Commission's strategic objectives for Māori, and sets out how it will contribute to meeting the Commission's goals over the coming period; and
- completing its testing of the analytical tool, in order to establish where and how it could most usefully be applied in the Commission.



Part Four

Departmental Capability Assurance



Introduction

- 4.1 In respect of “Māori capability assurance”, the Commission’s role is to provide assurance to the Government that chief executives develop and maintain their department’s capability to address issues that have an impact on Māori – first as treaty partners and citizens, and secondly as Public Service employees who identify as Māori.
- 4.2 In giving effect to the Commissioner’s departmental and chief executive performance review functions, the role includes the Commission providing assurance to the Government that chief executives develop and maintain their department’s capability on Māori responsiveness – and use it to good effect.
- 4.3 The Commission does not tell departments how they should formulate their approach to responsiveness to Māori – this is the responsibility of the departments themselves. Rather, the Commission’s capability should be sufficient to allow it to make judgements (and inform Ministers) about how well departments are doing, and how they could do better. When discussing the Commission’s capability assurance role throughout this Part, we do so in the context of the Commission’s management and review of chief executive and departmental performance.
- 4.4 Therefore, in this Part we consider:
- the role of the Commission in providing assurance on departments’ capability to respond to Māori; and
 - how well the Deputy Commissioner Teams (DC Teams) carry out that role.

What We Did

- 4.5 We examined:
- how the DC Teams were set up to perform the role of providing assurance on departmental Māori capability; and
 - what chief executives thought of the way DC Teams carried out that role.



DEPARTMENTAL CAPABILITY ASSURANCE

- 4.6 The first part of our examination involved asking the DC Teams how they:
- identified departments in their sector that have at present, or may have in future, significant issues that have an impact on Māori;
 - considered departmental capability to respond to Māori (where appropriate); and
 - assessed departments' Māori capability using internal and external resources.
- 4.7 To establish how the Commission's Māori capability assurance role worked in practice, we also asked the DC Teams how they provided capability assurance for six departments:
- Department of Child, Youth and Family Services;
 - Department of Corrections;
 - Department of Conservation;
 - Ministry of Education;
 - Ministry of Health; and
 - Te Puni Kōkiri.
- 4.8 We selected the departments on the basis that:
- Māori are significant stakeholders;
 - all except for the Department of Conservation form part of a group of 13 departments that are required to include a section in their annual reports on their department's contribution to reducing inequalities for disadvantaged groups; and
 - the approach enabled us to look at the activity of each team in detail, because each of the four teams dealt with one or more of the departments.
- 4.9 To complement this approach, we sought information about the systems, policies and procedures relating to the DC Teams' capability assurance role. We also considered the core competencies expected of DC Team members, and how the Commission addressed those expectations through its employment and human resources management practices.



- 4.10 The second part of our examination involved asking the chief executives of the six departments for their views on the DC Teams' Māori capability assurance services. Our discussions enabled us to compare the ways in which different DC Teams interacted with departments, and to assess how each approach was perceived.
- 4.11 We asked the six chief executives whether they:
- understood clearly the Commission's capability assurance role, and were comfortable with the engagement of DC Teams;
 - considered that Deputy Commissioners and the teams understood their department's business, including the impacts of third-party activities and other factors on the capability and performance of their departments;
 - received useful feedback from the Commission on Māori capability issues, and considered that interactions with the DC Teams added value; and
 - knew what criteria the Commission used to assess capability for Māori in relation to their own and their department's performance.
- 4.12 Throughout the audit, we sought and considered relevant documentation that demonstrated the nature of the interaction between the DC Teams and departments.

The Deputy Commissioner Approach

- 4.13 The Deputy Commissioner approach was introduced in June 2000. At that time, the Commissioner was concerned that he was personally responsible for a disproportionate number of the Commission's external relationships. Because of the associated workload, the Commission could not take advantage of opportunities presenting themselves for an integrated, system-wide approach.
- 4.14 The Deputy Commissioner approach was introduced as a means of addressing this issue. Following an independent review of the approach in 2001, the concept was expanded. There are now four Deputy Commissioners in all, each leading a team of 3-4 staff.



What is the Role of the Deputy Commissioner Teams?

- 4.15 The four Deputy Commissioners and their Teams lead, on behalf of the Commissioner, the performance assessments of chief executives and their departments. The role of DC Teams is to help improve Public Service management through a focus on the outcomes desired by the Government.
- 4.16 The focus of the teams is on:
- Strategy – improving the quality of strategic thinking and planning in the Public Service so that it responds well to the Government's longer-term priorities.
 - Results – shifting the emphasis from producing outputs to ensuring that the things the Public Service does produce the end results that the Government is seeking, in a way that balances innovation and risk management.
 - Capability – ensuring that the Public Service can plan, manage, and deliver policy, services, and regulatory activities to standards expected by the Government and citizens. The management of departments must identify the capability they need, establish it, apply it effectively, and ensure that it is maintained over time.
- 4.17 DC Teams can facilitate change in two ways:
- assessing – through the focus of their ongoing and annual review processes; and
 - assisting – providing support and guidance to management (although decision-making remains with departments).

How Do the DC Teams Carry Out their Role?

- 4.18 The DC Teams seek to work closely with chief executives and departments. These relationships with chief executives and individual departments are tailored to fit the departments' particular characteristics.
- 4.19 Departments are allocated between the four DC Teams broadly along the following lines:
- DC1 – departments generally associated with the growth part of the economy – such as the Ministry of Economic Development.



- DC2 – mainly justice sector departments, including the Police. The allocation also includes the Foreign Affairs and Defence sectors, and agencies associated with Parliament.
- DC3 – mainly social development and population departments – such as the Ministry of Pacific Island Affairs.
- DC4 – mainly departments associated with the primary production, transport, border control, and infrastructure sectors.

4.20 Within DC Teams, members are responsible for managing the day-to-day interaction with the allocated portfolio of departments. While the above allocation guides the daily work of the DC Teams, there is flexibility in the approach, and reallocation of departments between DC Teams may occur depending on particular needs that arise. Job descriptions for team members are generic – specifying the core competencies required of the DC Team member role – and are not tailored to specific departments.

4.21 DC Team members are expected to visit departments to discuss and gather information relating to departmental performance. The style of engagement is more conversational and less reliant on the exchange of documentation.

4.22 A DC Team works with a department in several ways:

- The “assess/assist” aspect of the DC Team’s role may involve –
 - providing guidance in the preparation of Statements of Intent;
 - providing assurance or guidance about strategic planning, the department’s capability or performance; and
 - contributing to or leading a formal review of a department or sector.
- The Deputy Commissioner meets the chief executive regularly as part of a year-round “performance management” relationship. The frequency of the meetings is dependent on the complexity of the issues facing the chief executive and the department.
- The DC Team leads the chief executive’s annual performance review (see the Appendix on pages 96-97).
- The DC Team will also undertake a formal strategic review of the department when a new chief executive is to be appointed.



- 4.23 The DC Teams see their relationship with departments as being based on “demonstrated value and earned respect”, rather than relying on the Commissioner’s mandate under the State Sector Act.
- 4.24 The manner in which a DC Team member will work with a department is sometimes described in an engagement plan put together in consultation with the department concerned. This may specify expectations of each agency and areas of common interest. The nature of any such plan differs according to the department.

How Were the Deputy Commissioner Teams Set Up?

- 4.25 In paragraphs 4.26-4.49 we outline what we found from the first part of our examination. It includes material arising from our discussions with the DC Teams, and is grouped into the following areas:
- getting the right people for the job;
 - identifying which departments may have significant Māori interests;
 - working with departments regarding their capability to respond to Māori;
 - the chief executive performance review process and Māori capability; and
 - sharing skills and obtaining external assistance.

Getting the Right People for the Job

- 4.26 In the position description for DC Team members, the Commission places a premium on, among other things, understanding of cultural diversity. In addition, knowledge and understanding of the Māori culture and the Treaty, including its historical, legal, social and economic significance to the work of the Commission and the State sector, is an area of core technical knowledge and skill that is a minimum requirement for all positions in the Commission.
- 4.27 In 2000, the Deputy Commissioner setting up the first DC Team had discussions with the Chief Executive of Te Puni Kōkiri, and formed the view that the Commission needed to build an ability to lead a response to the growing diversity of New Zealand society. In recruiting staff for the



first DC Team, the Deputy Commissioner ran two concurrent recruitment searches – one of which had specific access to Māori networks so as to identify appropriate candidates. To this end, the Commission contracted a consultancy firm for 8-10 weeks, that specialised in Public Service issues for Māori.

- 4.28 This process was repeated when appointing members for the other three DC Teams. Team members with links into Māori Public Service networks also assisted with this process. As part of the appointment process, the Commission had a Māori interviewer on appointment panels as appropriate.

Identifying Departments With Significant Māori Interests

- 4.29 When identifying departments with significant Māori interests, the Commission is able to refer to those areas listed in the Ministry of Māori Development Act (see paragraph 2.23 and footnote 3 on page 28), those with a very high Māori “client population”, and those whose legislation specifically refers to the Treaty of Waitangi.
- 4.30 In August 2002, the Deputy Commissioners assessed the impact of Public Service departments failing to perform their role, and how likely performance issues were to arise. While this assessment was not based on departments’ capability to achieve results for Māori, several departments with responsibilities for reducing inequalities were recognised as facing challenges. A further assessment of this nature was carried out in October 2003.
- 4.31 The Commission also undertook an analysis of issues arising from chief executive performance reviews in April 2003. Māori responsiveness was consistently seen as a challenge for departments.
- 4.32 The trial analytical tool (see paragraphs 3.38-3.39 on page 40) is being tested by the Commission in its work with some departments. The Commission intends to analyse the results of this trial to establish the tool’s effectiveness.



Working With Departments Regarding Their Capability to Respond to Māori

- 4.33 Working with departments on Māori capability can occur within the context of the ongoing performance management relationship between the DC Teams and departments:
- Deputy Commissioners raise issues about a department's capability for Māori, should this be required, in their general relationship management meetings with chief executives. It is not a set agenda item, and may be raised in the context of wider discussion of capability issues.
 - In the context of "Managing for Outcomes", it is likely that issues of Māori capability will be raised. The extent of engagement varies according to the department and its relationship with Māori, and tends to involve discussion rather than the exchange of documentation.
 - The DC Team members we spoke to also worked with departments on other strategic and management issues relating to Māori. This could involve, for example –
 - raising issues of concern to stakeholders; or
 - reviewing regular reports from a department, and providing written advice on issues arising in those reports (including issues relating to Māori).
- 4.34 An informal approach may be taken to raising issues with departments in the first instance. The Commission says that this is to support a quality and sustainable relationship, without threat.

The Chief Executive Performance Review Process and Māori Capability

- 4.35 A second opportunity for DC Teams to engage with departments on Māori capability matters occurs during the annual, formal chief executive performance review (the CE review). The CE review requires a large amount of effort on the part of the Deputy Commissioner and the DC Team members. The review process, and the involvement of DC Team members in it, is well documented.



4.36 As part of the CE review outlined in the Appendix on pages 96-97, DC Teams may:

- Identify whether the department faces significant issues in respect of Māori by, for example, using information from –
 - the relationship between the DC Team, the chief executive and the department over the previous year (through the performance management relationship);
 - the previous performance review;
 - the department's Statement of Intent and Annual Report; and
 - key reports such as the New Zealand Census, the Ministry of Social Development social indicators report, and relevant audit or agency review reports by Te Puni Kōkiri.
- Consider whether the views of Māori stakeholders are being sought, or should be sought, as part of the review process. For example, the DC Team could identify further Māori stakeholders to consult.
- Prepare briefing papers for the Commissioner or Deputy Commissioner for their discussions with Ministers on the performance of the chief executive. Where raised in earlier discussion, issues in relation to Māori capability could be addressed in these briefings.
- Prepare any other supporting briefing papers or documentation for discussions between the Commissioner and the chief executive on their performance – which could include consideration of the department's strategy, capability and performance in respect of Māori.
- Prepare the draft performance review document, which could include reference to the department's strategy, capability and performance in respect of Māori specifically or reducing inequalities generally.

4.37 In addition, CE reviews contain a forward-looking component, which outlines areas of interest for the Commission in respect of the performance of the chief executive and their department over the coming year. The forward-looking component of the performance reviews will include reference to issues in respect of departments' strategy, capability or performance in relation to Māori where this has been identified by DC Teams as a significant issue.



DEPARTMENTAL CAPABILITY ASSURANCE

- 4.38 Where issues for Māori are recognised in the forward-looking component of a particular chief executive's review, the issues could be considered in the review of the chief executive's performance the following year.
- 4.39 As part of the review process, the Commission seeks input from Te Puni Kōkiri. A formal role in the review was first assigned to Te Puni Kōkiri in April 2000. This involved Te Puni Kōkiri undertaking an assessment of which departments had achieved certain key priorities contributing to the Government's goals for Māori, based on information provided by departments to the Commission.
- 4.40 In the 2000-01 reviews (before the advent of the DC Team approach), representatives of Te Puni Kōkiri and the Commission visited certain chief executives, and Te Puni Kōkiri provided comments to the Commission for its consideration.
- 4.41 In 2001-02, the Commission wrote to the Chief Executive of Te Puni Kōkiri seeking his Ministry's input to the performance reviews for those Public Service chief executives whose departments had responsibility for acting on the Government's objectives for Māori. The Commission specifically sought the Ministry's views on:
- the departments' performance in contributing to achievement of the Government's objectives and the delivery of services to Māori; and
 - the chief executives' and their departments' responsiveness to Māori.
- 4.42 Te Puni Kōkiri provided written comment to the Commission on 13 departments.
- 4.43 For the 2002-03 reviews, a DC Team member was designated to co-ordinate Te Puni Kōkiri's input to the review process. A protocol has been agreed between Te Puni Kōkiri and the Commission, which outlines how the respective departments will interact. The process includes actions such as:
- confirming which departments Te Puni Kōkiri will provide its views on;
 - the Commission and Te Puni Kōkiri discussing the review round, objectives and improvements to the review process, and timescale for Te Puni Kōkiri input;
 - clarifying the type of input sought by the Commission – where appropriate, Te Puni Kōkiri will give written views on each of the chief executives and departments (incorporating both a Wellington and regional view), and provide nominations of referees that the Commission might consider visiting;



- establishing a process for advisers from Te Puni Kōkiri and the Commission to meet to discuss chief executives' performance for the year; and
- the Commission offering to brief the Senior Management Team of Te Puni Kōkiri on themes emerging from the performance reviews for 2004.

Sharing Skills And Obtaining External Assistance

- 4.44 The Commission expects all DC Team members to have the core competencies required for their positions, while some will have specialist additional skills. There is also an expectation that DC Team members will work together (within and between teams). The Commission actively supports this approach.
- 4.45 For example, the Ministry of Women's Affairs referred to the Commission a draft framework on the Treaty of Waitangi to be used in preparing policy advice. Team members from two different DC Teams with skills in Treaty matters and issues for Māori considered the draft framework, and oral feedback was provided to the Ministry.
- 4.46 The Commission is developing a "knowledge management approach" to deepen its understanding in key areas of its business (including Responsiveness to Māori). In relation to the DC Teams, the purpose of the knowledge management approach is to add value to DC Team activity. The approach could therefore include:
- Identifying relevant and manageable areas of capability-related knowledge.
 - DC Team members volunteering to take responsibility for knowledge leadership in areas where they have a particular interest as well as identifying their areas of current knowledge and experience. This could involve –
 - Being an access point to information and resources in the knowledge area for DC Teams and the wider Commission. Knowledge leaders would keep abreast of trends and developments in the subject area and gather and maintain relevant information on the Commission's internal knowledge management systems.



- Ensuring that DC Teams and the rest of the Commission are aware of important emerging issues in the knowledge area.
- Establishing contacts with academics, subject matter experts (internal and external), practitioners and relevant international administrations, and planning and facilitating meetings and forums on the knowledge area for DC Teams and the wider Commission.
- Reviewing and maintaining relevance, usefulness and quality of information, tools, methodologies and techniques.

4.47 As we discuss later in paragraph 4.64, DC Teams have been re-organised, and one Deputy Commissioner now has leadership on issues relating to Māori responsiveness.

4.48 DC Team members can also identify areas of interest where they can participate, providing support to the knowledge leader.

4.49 To date, the Commission has not sought external assistance to support its Māori capability assurance role. However, external expertise has been obtained to advise the Commissioner on matters of Māori cultural procedure, and guidance and tuition has been obtained to improve Deputy Commissioners' capability in Te Reo Māori. External expertise has also been sought in establishing the Commission's new role of increasing public knowledge about the Treaty of Waitangi.

What Did Chief Executives Think of the Commission's Approach To Assessing Māori Capability?

4.50 In paragraphs 4.51-4.60 we outline what we found through our discussions with the six chief executives. We draw out the key themes and insights into the services that the DC Teams provide in respect of Māori capability assurance.



The Commission's Role in Monitoring and Assessing Capability and its Engagement with Departments

- 4.51 Four of the six chief executives we spoke to confirmed that they understood the Commission's role in relation to departmental capability. However, they noted that the Commission had not formally outlined its role to them in relation to Māori. The chief executives consulted or informed DC Teams where they considered the Commission was likely to have an interest by virtue of the Commissioner's statutory mandate or in relation to Government goals – especially on strategic matters with implications for departmental capability and accountabilities.
- 4.52 The chief executives felt that the establishment of the Deputy Commissioner positions had produced positive and close relationships with the Commission, involving regular interaction and building up a better understanding of their department's business.
- 4.53 Two chief executives would have preferred the Commission to have specified its role clearly and formally, observing that it was not always clear why Deputy Commissioners or their teams were pursuing particular issues. They felt that the rationale and focus of some inquiries or concerns were not understood, and were not seen to be based on a considered strategic framework. Both chief executives sought a more focused, structured and transparent engagement approach on the part of the DC Teams.

An Understanding of the Department's Business

- 4.54 The chief executives were consistent in their view that all DC Teams sought to understand their department's business. The chief executives acknowledged, in particular, the time and effort committed by each Deputy Commissioner in maintaining regular contact and building up their knowledge of the complex issues facing the department.
- 4.55 They considered that the Deputy Commissioners appreciated the constraints facing chief executives, such as the impact of third parties and other influences beyond their control. In particular, the Commission was aware of the challenges facing chief executives in developing and maintaining relationships with a wide range of Māori stakeholders. Deputy Commissioners were approachable, and available to discuss a wide range of departmental issues as they arose.



Did Chief Executives Expect the Commission to Provide Advice on Māori Capability?

- 4.56 The chief executives did not view the Commission as a source of expert advice on issues of Māori capability, and did not think the Commission had made a significant contribution to the debate on Māori issues facing their department. This was not necessarily seen as a concern, given that departments were tackling Māori issues themselves, or sought advice from Te Puni Kōkiri or other bodies.
- 4.57 The chief executives believed that the Commission had the potential to add value through its capability assurance role by taking opportunities to:
- act as a broker and facilitator through promoting the sharing of ideas and initiatives among departments; and
 - promote collaboration and sector-wide advice and guidance.
- 4.58 The view was expressed that the Commission needed a stronger policy analysis capability to design appropriate solutions to difficult problems facing the Public Service (such as providing leadership and incentives for Māori responsiveness). It was felt that the Commission needed a greater depth to its advice.

The Commission's Assessment of Capability for Māori

- 4.59 The chief executives were largely clear about the criteria against which the Commission assessed capability in general – although it was noted that none of the central agencies⁸ had yet developed an objective methodology for assessing capability.
- 4.60 All chief executives observed that the CE review worked well, and that the Commission successfully balanced varied views and perspectives from stakeholders. The chief executives all saw the opportunity of evaluating their performance against their own expectations as a vital part of the CE review.

8 The State Services Commission, the Treasury, and the Department of the Prime Minister and Cabinet.



Our Views

Skills and Expertise

- 4.61 Given the nature of the DC Team function, it is important for the Commission to:
- know the skill mix required to undertake Māori capability assurance and how it would obtain such skills; and
 - have the means for sharing appropriate skills and aligning skill demand to business need.
- 4.62 The Commission has recognised the value of skills and experience in relation to Māori culture and the Treaty in the competencies required of DC Team members. We also commend the Commission in seeking potential candidates for DC Team positions who displayed such competencies (through use of a specialised people search consultant).
- 4.63 In a small organisation with mixed levels of specialist skills, the manner in which skills are shared becomes important. We found positive examples of skill sharing between staff with specialised skills in relation to issues for Māori. Such skill sharing should be encouraged.
- 4.64 The Commission should consider how skills and competencies in relation to Māori can best be utilised within and between teams through more closely matching its capability to departmental assessments. DC Teams have recently re-organised work arrangements so that one Deputy Commissioner has responsibility for Māori responsiveness. This will help the teams make best use of their collective skills.
- 4.65 The Commission has also introduced a knowledge leadership initiative, to complement current informal collaborative arrangements. This is a positive step and could provide more depth to the DC Team members' analysis.

Nature of Engagement with Departments

- 4.66 Where departments work together, having a clear understanding of respective roles and responsibilities is crucial. It is, therefore, important for the Commission's engagement with departments to be based on a



mutual understanding of the roles and expectations of the parties and the nature of the interaction required. Of course, it is natural that the extent of the engagement should differ depending upon the particular characteristics of a department.

- 4.67 Overall, chief executives endorsed the Commission's adoption of a performance management process using the Deputy Commissioners. Chief executives generally felt comfortable with their engagement with Deputy Commissioners, and the nature of this engagement appeared to be fairly consistent across the sample departments.
- 4.68 However, the manner in which individual DC Team members interacted with departments differed, as did the formality surrounding the relationship they had with the departments. While most chief executives did not see this of concern, others desired a more organised, managed and transparent engagement between the Commission, the department, and its stakeholders in relation to departmental performance.
- 4.69 The Commission should take steps to provide more clarity, formality, and certainty to its relationships with Chief Executives and their departments. One step could involve providing chief executives with a written explanation of the roles of Deputy Commissioners and DC Team members in relation to capability assurance generally (and Māori capability, in particular). This explanation would also record an agreed understanding of the nature of the interaction between the Commission and the department, and how that will take place. Such an approach would increase understanding while maintaining the necessary flexibility in approach.

Identifying Departments with Significant Māori Interests

- 4.70 Knowledge of the operating environment is important to any department providing services. It assists the department to understand current workload requirements, appropriately target its resources, and recognise areas of future need – both internally and externally. The ability of the Commission to consistently and accurately identify departments that are experiencing, or may experience in future, significant issues in respect of Māori, is important to how it shapes and directs its Māori capability assurance activity.



- 4.71 The Commission can identify which departments might experience issues for Māori, but it does not have a consistent, systematic and forward-looking approach to assessing the significance of those issues. Nor does the Commission have in place strong processes within DC Teams to enable significant issues for Māori across sectors to be identified and assessed.
- 4.72 The Commission has undertaken major reviews of some sectors from a generic capability perspective, and sectoral issues for Māori might have been recognised in those reviews. However, sector reviews from a Māori capability perspective do not happen as part of the regular planning that informs the work of the DC Teams.
- 4.73 The Commission's trial analytical tool has the potential to inform such analysis, but is not itself a solution. In paragraphs 4.74-4.92 we suggest some systems improvements that the Commission can make which will assist in addressing these matters.

Assessing Māori Capability through the Performance Management Process

- 4.74 A department's capability to respond to Māori is likely to affect its performance for Māori. The way in which the Commission engages with departments about Māori capability, and the expertise and objectivity that the Commission brings to the engagement, will affect how the department considers its Māori capability.
- 4.75 We approached this aspect of the Commission's operations thinking that the Commission would, as part of the ongoing performance management relationship, assess capability issues and risks in departments and across sectors through periodic reviews. These reviews would be comprehensive, forward-looking analyses that would underpin the ongoing "assess and assist" role and complement the CE review (see paragraphs 4.83-4.89).
- 4.76 DC Team members draw on a variety of information sources to identify departments' current Māori capability needs (particularly through the CE reviews). We sighted some examples where questions regarding departments' capability for Māori were raised in the context of the preparation of their Statements of Intent (SOIs). We were also told that the DC Teams took such information into account as they assessed departmental capability.



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- 4.77 However, we did not find any discrete strategic assessments of potential Māori capability stress points in departments and within sectors. It was, therefore, difficult for us to draw firm conclusions about how the Commission formed a view on a department's Māori capability throughout the year. Such assessments could form an important part of annual chief executive performance reviews. The absence of a strategic and risk-based approach to capability assessment could expose the objectivity and accuracy of DC Team assessments to challenge.
- 4.78 We also found that the nature and extent of the departmental capability assurance provided by DC Team members varied considerably. Part of this variability stems from the nature of the departments in question – because, clearly, there are individual departmental requirements that are different. But this difference does not completely account for the variation in approach.
- 4.79 It is desirable for DC Team members to have leeway in their relationships with departments to address issues differently, should the need arise. Nevertheless, consistency and quality are important, both for the departments that will seek to rely on consistent high-quality assurance from the Commission, and for DC Team members whose reputation with departments relies on the quality of that assurance.
- 4.80 To strengthen the departmental capability assurance role, and the provision of Māori capability assurance, the Commission could consider instituting an annual strategic capability assessment. This could involve DC Teams:
- undertaking risk-based assessments of capability and performance challenges for each sector and department, including Māori capability challenges; and
 - identifying potential approaches on the part of the Commission or other agencies to manage, mitigate, or address identified challenges.
- 4.81 The proposed planning approach could be co-ordinated with and informed by available information about departments – SOI preparation, statistical data (such as demographic projections), information about Treaty issues that departments might face, and significant reports on departmental programmes or activities.



4.82 Such an approach would:

- have benefits from bringing more depth, breadth and consistency in quality to the capability assurance that the DC Teams provide to the Government;
- make the capability assurance more forward-looking;
- increase objectivity; and
- contribute to the CE reviews.

The Chief Executive Performance Review and Māori Capability

4.83 The CE review allows issues regarding the department's performance for Māori to be addressed directly with the responsible chief executive. Given the importance of the review, any Commission comments regarding a department's capability or performance in relation to Māori should:

- be informed by an analysis of the department's capability for Māori;
- draw on Māori stakeholder views; and
- provide opportunities for performance issues in relation to Māori to be raised with the chief executive.

4.84 There should also be a clear process for obtaining (where appropriate) input into the CE review from Te Puni Kōkiri.

4.85 Overall, we found that the CE review provided a variety of opportunities for issues about the performance of departments for Māori to be raised and debated with chief executives. On the whole, these opportunities were taken up in respect of the departments we reviewed. Commission briefing papers for the reviews we examined referred to Māori issues in all cases. This was demonstrated by considerable documentation. As noted in paragraph 4.77, however, we were unable to draw firm conclusions about how the Commission had reached a view on departmental capability – which could in turn contribute to the review of chief executive performance.



- 4.86 We found that Māori stakeholder views were sought and considered in the review. All relevant Ministers had the opportunity to raise issues in respect of departmental performance for Māori and these were taken up in some instances. In some cases, the Commission supplemented information by consulting additional stakeholders.
- 4.87 We consider the thematic analysis undertaken in April 2003 of issues arising in CE reviews to be of high value, with potential to inform the work programme of the Commission – especially in relation to policy advice and departmental capability assurance. We consider that this analysis should be undertaken annually.
- 4.88 The nature of the relationship between the Commission and Te Puni Kōkiri in respect of CE reviews lacks definition. While we acknowledge that a basic procedure has been established for such input through an agreed protocol, in practice DC Teams have taken different approaches to seeking commentary from Te Puni Kōkiri on departmental performance.⁹ As a consequence, expectations have varied, and comments have not been sought – or obtained – in a consistent manner. We do not consider that the existing arrangement provides, in practice, sufficient clarity about the respective roles and responsibilities of the two agencies.
- 4.89 The Commission and Te Puni Kōkiri should review their current protocol in order to clarify the arrangements for consultation on each chief executive's performance review and, in particular, its purpose, scope, format for consultation, and timescale.

Documentation

- 4.90 The Commission had few records, outside the chief executive performance review, describing the nature and extent of DC Teams' interaction with departments. There were also few records of inter-departmental meetings.
- 4.91 We are concerned about this lack of documentation. In their interactions with departments, DC Team members are called on to take a Commission position. Information they gather from discussions with departmental managers feeds into the capability assessment and the annual performance review. Departments and chief executives must be able to rely on the assistance they receive and be satisfied that the Commission's

⁹ Te Puni Kōkiri provides comments only on a department's performance, not on the chief executive's performance.



assessments are soundly based. For these reasons, recording of key exchanges between the Commission and departments is important.

- 4.92 There is a need for a balanced approach to recording interactions with departments. We accept that the Commission is seeking to take a less compliance-based approach to departmental performance assessment. However, the Commission should provide guidance to DC Team members about the level of formality expected in relation to key inter-departmental interactions, and ensure that DC Team members maintain records of all significant exchanges they have with departments.

Recommendations

- 4.93 We recommend that the Commission:

- Provide more clarity, formality and certainty to its relationships with chief executives and their departments. This could involve providing chief executives with a written explanation of the roles of Deputy Commissioners and DC Team members in relation to capability assurance generally (and Māori capability), and how the interaction between the Commission, the chief executives and their departments will take place.
- Consider establishing an annual strategic capability assessment to enhance the depth, breadth, and consistency of the capability assurance the DC Teams provide to the Government, and make capability assurance more forward-looking and objective. Māori capability needs of departments would be assessed as part of that capability assurance.
- Review its current protocol with Te Puni Kōkiri in order to clarify the arrangements for consultation on each chief executive's performance review – and, in particular, purpose, scope, format for consultation and timescale.
- Build on the initiative that it undertook in 2003 to analyse annually key themes arising in chief executive reviews in order to better focus on problems and challenges facing departments. This analysis will also provide the opportunity for the Commission and Te Puni Kōkiri to work together, and help Te Puni Kōkiri to target its own monitoring activity.
- Provide guidance to DC Team members about the level of formality expected in relation to key inter-departmental interactions, and ensure that DC Team members maintain records of all significant exchanges they have with departments.

Part Five

The Senior Leadership and Management Development Strategy



Introduction

- 5.1 In this Part, we consider the capability of the Commission to identify, analyse and advise on issues for Māori in a major policy project. For this purpose, we chose the programme of work that produced the Senior Leadership and Management Development (SLMD) Strategy. This process tested the Commission's Māori capability in relation to a significant Government initiative.

What We Did

- 5.2 We considered whether the Commission adequately considered issues for Māori in drawing up the SLMD Strategy, having regard to the key steps necessary for good policy development. We considered:
- the background to the strategy;
 - how the project was managed;
 - how the Commission identified the problem, assessed policy requirements, and integrated the SLMD project with other ongoing policy work;
 - research into leadership theory and models;
 - the Commission's consultation with stakeholders, including Māori; and
 - how the programme has been designed to focus on diversity as a key policy outcome.
- 5.3 We discussed development of the SLMD strategy with relevant Commission staff, and reviewed documentation relating to the policy development process. We sought the views of the Leadership Development Centre on the strategy, and on its role in implementation.



What Is the SLMD Strategy?

- 5.4 Under the State Sector Act, the functions of the Commissioner include –
- To provide and maintain in association with chief executives a senior executive service for the Public Service.*
- 5.5 Further to this statutory requirement, a Senior Executive Service (SES) was established by the Act to develop a group of senior executives with the ability to manage departments of the Public Service.
- 5.6 However, for a variety of reasons, the SES was unsuccessful, creating the need for a revised senior management development strategy to take its place.
- 5.7 In July 2001, the State Services Commissioner and Public Service chief executives met to discuss leadership in the Public Service, and agreed that current arrangements were not working and should be changed.
- 5.8 In November 2001, the Review of the Centre Ministerial Advisory Group noted in its report that there were not enough people with the mix of skills and experience required to provide effective leadership of the departments and agencies of the State sector. The Ministerial Advisory Group also noted that current devolved arrangements were inadequate to produce the number of skilled leaders required, and advocated more active leadership development.
- 5.9 In response to that report, Cabinet agreed, in December 2001, to a number of initiatives designed to improve leadership and management in the Public Service. The SLMD project is one of 14 linked “People and Culture” work streams arising from the Government’s decisions on the report.
- 5.10 Cabinet agreed to the elements of the proposed senior management development strategy in November 2002. In January 2003, the Commission completed a business case in support of funding for the strategy. The Minister of State Services launched the Executive Leadership Programme¹⁰ and the new Leadership Development Centre in July 2003.
- 5.11 The Government is seeking amendments to the State Sector Act to give the State Services Commissioner a clear mandate to promote guidance and standards for the development of senior leaders and managers in Public Service departments. Chief executives would be required to have regard to guidance issued by the Commissioner, and to co-operate in giving effect to initiatives and activities associated with the Executive Leadership Programme.

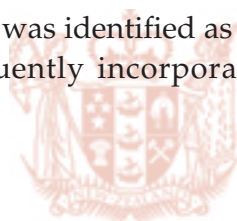
10 The Executive Leadership Programme is a central part of the Government’s SLMD strategy.

The Main Features of the SLMD Strategy

- 5.12 The SLMD strategy consists of a number of related initiatives designed to improve the quality, quantity and diversity of candidates for appointment to senior roles within the Public Service. The main features of the strategy are:
- a Leadership Capability Profile that will set the Public Service-wide standard for developing future leaders;
 - a Leadership Development Centre (replacing the former Management Development Centre) to promote the development of senior managers and leaders;
 - an information base to monitor the development progress of individuals and the leadership pool;
 - a process for assessing candidates for entry into the development pool;
 - a pool of public servants with long-term personal development plans who have access to a range of tailored programmes and resources; and
 - a strategic alliance with a tertiary provider for the provision of research and training resources.
- 5.13 The SLMD strategy has been initially focused on the Public Service, but will be progressively applied to the wider public sector.

How Was the Project Managed?

- 5.14 The Commission's approach to managing the project was to secure agreement and commitment from departments early in the strategy development process. Recognising the roles that would be played by departments in implementing the strategy, the Commission drew on external expertise to supplement its own resources – using departmental human resources staff on secondment or as members of project teams in an advisory capacity.
- 5.15 Work on designing and implementing the strategy was broken down into ten related projects. The Commission assigned to the project teams a mix of its own, Management Development Centre (MDC), and departmental human resources staff. These teams were co-ordinated and overseen by a project office. Diversity was identified as a discrete SLMD sub-project, and this work was subsequently incorporated into a project on leading a development culture.



THE SENIOR LEADERSHIP AND MANAGEMENT DEVELOPMENT STRATEGY

- 5.16 The project manager produced a monthly update of progress with the project. The Commission kept the Minister of State Services and the Government informed about progress with design and implementation of the strategy, and sought Government approval to the key elements of its proposed strategy.

Identifying the Problem, Assessing Policy Requirements, and Integrating the SLMD Strategy with Related Policy Initiatives

- 5.17 The Commission recognised at an early stage the need for a senior management development strategy to replace the failed Senior Executive Service, analysing the reasons for its failure, and identifying leadership development needs drawing on that experience. Discussion papers recognised that diversity considerations would influence the design, implementation and long-term management of SLMD initiatives. A key goal of the SLMD strategy is to increase the diversity of candidates available for senior leadership roles in the Public Service.
- 5.18 The Commission examined Māori-specific issues (such as giving effect to the Treaty) as part of its consideration of diversity. In identifying policy needs and developing its strategy, the Commission drew on the results of its analysis of the 2002 Career Progression Survey to identify obstacles to the participation, advancement and development of Māori in the Public Service. It noted that Māori (and other groups) were poorly represented in senior management. Few Māori applied for management positions, and there were few measures to target their development.

Integrating the SLMD Strategy with Related Policy Initiatives

- 5.19 The SLMD strategy was aligned to the Government's broader strategy for enhancing public sector performance. The need for a new approach to senior management development was closely linked to the findings of the Review of the Centre (ROC), and was incorporated in the Commission's "People and Culture" work streams emerging from the ROC report – including work on a strategic human resources framework for the Public Service.



- 5.20 SLMD strategy development and its focus on diversity were also linked to other, ongoing policy work under way or planned in the Commission. This work included policy initiatives to address issues for Māori in the Public Service – such as proposed work to analyse and better understand employment issues for Māori, including recruitment and retention and career development. SLMD work was closely related to the work of other branches or groups, such as the Commission’s Strategic Development Branch, Deputy Commissioner Teams, the Chief Executives Branch, and the Public Sector Training Organisation (PSTO).

Research into Leadership Theory, Diversity Models, and Māori Needs

- 5.21 The Commission examined diversity models and approaches in countries such as Canada, the United Kingdom, and the United States. The Commission was able to draw on this analysis and research to consider options for promoting diversity within the SLMD programme through leadership profiling, selection, and development.
- 5.22 The Commission drew on its own research and the expertise of consultants to define the various dimensions of diversity, using literature reviews and considering various models. This research noted the expectation that the public sector would need increasingly to give effect to the different aspects of diversity, and analysed possible approaches to enhancing diversity which could be incorporated into an SLMD programme.
- 5.23 Research identified those aspects of managing and promoting diversity likely to influence the selection and development of leaders from within the Public Service. It also suggested likely critical success factors, and possible measures for assessing the success of the programme.
- 5.24 The Commission also drew on empirical research into the views of current leaders, including an assessment of challenges facing chief executives in the public sector environment.
- 5.25 Factors influencing the public sector environment included demographic shifts, devolution of service delivery, and pressures for increased diversity in the workplace. In this environment, chief executives noted in interviews that they faced a number of challenges in implementing Government policy, including:
- identifying diversity in needs and approaches to service delivery; and



THE SENIOR LEADERSHIP AND MANAGEMENT DEVELOPMENT STRATEGY

- growing expectations of stakeholder involvement and participation – for example in consultation processes and decision-making related to the Treaty of Waitangi and responsiveness to Māori.
- 5.26 To target the specific needs of Māori public servants, the Commission drew on analysis of results from the Commission's Career Progression Survey, and the views of Māori public servants (we discuss the Commission's consultation with stakeholders in more detail in paragraphs 5.27-5.33 below). The Commission used the results of its research to support its business case to the Government.

Consultation with Stakeholders

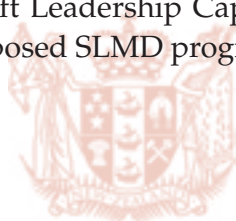
- 5.27 Consultation was critical to the success of the SLMD strategy, in order to:
- identify issues to be addressed through the strategy;
 - secure the support and commitment of stakeholders; and
 - test the proposed strategy and programme design.

The Chief Executive Reference Group

- 5.28 The Commission recognised early the need to consult, and secure the commitment of, key stakeholders – in particular, departments and the MDC. Lack of stakeholder involvement was identified as a key risk for the success of the programme.
- 5.29 In developing the SLMD strategy, the Commission consulted a reference group of departmental chief executives, representing Public Service leaders and acting as champions of senior management development in their own departments. This Group included the chief executive of Te Puni Kōkiri. The chief executives group examined draft SLMD strategies as they were developed by the project teams.

Consultation with Māori Public Servants

- 5.30 In October 2002, the Commission sought the views of a Māori and Pacific Island Reference Group on the proposed SLMD strategy. In May 2003, the Commission held two workshops with Māori public servants to gather views on the draft Leadership Capability Profile (LCP), and to test the relevance of the proposed SLMD programme.



Consultation with Departments and Other Agencies

- 5.31 The Commission consulted closely with the MDC as project teams developed the SLMD strategy. The Commission also consulted the PSTO on the draft SLMD strategy. The PSTO is designing leadership qualifications linked to the LCP, to guide the early development of potential senior leaders.
- 5.32 In August 2002, the Commission sought the views of chief executives on their leadership experience, and obtained feedback on the draft LCP. These meetings revealed a range of issues facing leaders in the Public Service, including:
- the importance of relating effectively to stakeholders (including Māori);
 - addressing the implications of the Treaty of Waitangi; and
 - responding to various Māori interests in the work of the department.
- 5.33 The LDC is beginning (and will continue) to make use of stakeholder working groups to test different parts of its programme.

Incorporating Diversity into the SLMD Programme

- 5.34 An important measure of the Commission's Māori policy capability was its ability to incorporate Māori diversity considerations into the SLMD programme.
- 5.35 As early as 2001, the three dimensions of quality, quantity and diversity had been identified as key objectives for senior management development. Diversity was recognised as a critical dimension of a senior management development programme, and an area where achievements had been limited – with various groups (including Māori) being under-represented in senior leadership. Encouraging people from under-represented groups to become credible candidates for senior management and chief executive positions was a key objective of the policy initiative.
- 5.36 An understanding and knowledge of Treaty of Waitangi principles was identified as a necessary element of leadership culture. Chief executives interviewed by the Commission in developing its strategy identified diversity, Treaty issues and Māori responsiveness as being among the key future challenges for Public Service leaders.



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- 5.37 Commission papers to the Minister and Cabinet noted enhanced diversity among Public Service leaders and within departments as a key desired outcome from the SLMD strategy.

Leadership Capability Profile

- 5.38 The SLMD strategy is based on the qualities expected of future Public Service leaders. These qualities are embodied in the LCP, which sets a standard against which future leaders will be identified and developed – helping to identify the required attributes, abilities, experiences and pathways for leadership roles in the Public Service now and into the future.
- 5.39 The LCP supports the delivery of the Executive Leadership Programme and lists among the leadership abilities:
- understanding the debates and practices surrounding the Treaty of Waitangi;
 - developing, building and maintaining effective relationships with Māori, respecting Treaty obligations, working to improve responsiveness to Māori, and interacting appropriately with Māori; and
 - enabling people from diverse backgrounds to work together to effectively reinforce culturally sensitive behaviour and foster a culturally safe working environment.
- 5.40 The LCP expressly recognises diversity considerations – including that Public Service leaders are responsible for developing and maintaining their department's Māori capability, and therefore must understand the debate around the Treaty and engage with Māori.

Other Elements of the SLMD Programme

- 5.41 Diversity considerations are reflected also in the design of other leadership development programmes within the SLMD strategy.
- 5.42 Candidates for leadership development will need to meet certain requirements. The criteria for entry to the development programme are to include the ability to recognise Treaty principles and the significance of the Treaty in the context of public sector management, and to actively include diversity in their management styles. Diversity elements are to be incorporated in the assessment process.



- 5.43 Mentoring was identified as a key activity for leadership and development, particularly among under-represented groups in the Executive Leadership Programme. The SLMD strategy is also designed to extend the experiences of leaders to build their understanding of issues for stakeholders from a broad range of backgrounds – including ethnicity.
- 5.44 The LCP recognises that there are diverse pathways to becoming a Public Service leader. These pathways include roles as Māori policy advisers and roles with iwi and hapu.
- 5.45 A Partnership Agreement between the LDC and the Commission records their agreement that they will jointly clarify how diversity issues and Māori responsiveness will be addressed in the implementation of the SLMD strategy and delivery of the Executive Leadership Programme.

Evaluating the SLMD Programme

- 5.46 In June 2003, the Commission reported to the Cabinet Committee on Expenditure and Administration on critical success factors for the SLMD strategy.
- 5.47 The report noted that a central desired impact of the strategy was the development of a diverse group of senior managers – in particular, Māori and women – as a pool of potential candidates for future chief executive and other leadership roles. Diversity benefits were expected to become apparent after five years.
- 5.48 A more diverse senior management group was identified as a key success factor. The Commission's advice to the Government consistently identified increased diversity as a key goal for the strategy.
- 5.49 The Commission has identified a key indicator over time as the diversity of the leadership pool. Diversity will be measured by an increase in the number of people from different backgrounds (including Māori) coming forward for development activities and programmes. These measures include the proportions of Māori ready for, short-listed for, and appointed to chief executive and senior leadership roles. An information database will enable the Commission and the LDC to monitor the quality, quantity and diversity of the leadership pool.
- 5.50 Indicators of increased diversity are reflected in the Partnership Agreement between the LDC and the Commission. The success of the programme is to be evaluated over five years. The evaluation process will include



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two independent assessments – in 2005 and 2008. In addition, reviews of chief executive performance will include assessment of their action towards achieving the goals of the programme.

Our Views

- 5.51** It was important for the Commission to have established a sound project management framework that enabled it to draw on the necessary skills and expertise, oversee progress with the project, and achieve its policy goals. Sound project management also involves keeping the Government informed – obtaining Ministerial or Cabinet approval for policy proposals as necessary.
- 5.52** The Commission established a sound project management framework. Drawing on departmental human resources expertise for its SLMD project work:
- enabled the Commission to supplement its own staff resources;
 - added additional skills, expertise and experience; and
 - promoted departmental agreement and commitment to the Commission's policy proposals.
- 5.53** Identifying and analysing issues for Māori was an important aspect of policy development, particularly in relation to diversity issues. The Commission incorporated Māori needs into the policy process for developing the SLMD strategy, built those needs into the programme framework, and established appropriate performance indicators to evaluate whether the policy achieves positive outcomes for Māori.
- 5.54** The Commission analysed the reasons for the failure of the Senior Executive Service, and assessed the necessary components of a senior management development strategy to take its place. From the outset, diversity was a key focus of the proposed strategy. Diversity considerations encompassed specific issues for Māori – such as promoting responsiveness and working towards higher Māori representation in Public Service senior management.
- 5.55** To ensure a consistent approach to Government policy, it was important that the Commission integrate the SLMD strategy and resulting programme with other ongoing policy work. Creating linkages between related policy projects was necessary for co-ordination of Commission efforts in implementing the recommendations emerging from the Review of the Centre.



- 5.56 The SLMD initiative was well aligned to the Government's strategy for enhancing public sector performance, and the programme was well integrated with other policy work arising from the Review of the Centre – such as the development of a strategic human resources framework for the Public Service. SLMD strategy development was also linked to other Commission work in progress or planned to address issues for Māori in the Public Service.
- 5.57 Research was an important component of the policy development, as the Commission refined its policy requirements and began designing the SLMD strategy. We expected the Commission to have carried out theoretical and empirical research in drawing up its policy proposals.
- 5.58 The Commission carried out or obtained this research. Interviews with chief executives provided valuable insights into challenges facing public sector leaders. The results of the research enabled the Commission to refine its policy requirements and the design of its SLMD programme, and provided useful support for its business case to the Government.
- 5.59 Research into diversity models, and approaches taken in other jurisdictions, gave the Commission an understanding of the way in which diversity considerations related to leadership capability. This research highlighted growing expectations of stakeholder involvement in decision-making – for example, by Māori in matters relating to the Treaty. To target the specific needs of Māori, the Commission drew on analysis of the results of its Career Progression Survey, and the views of Māori public servants.
- 5.60 The Commission needed to understand the various dimensions of diversity, how these related to leadership capability in the Public Service, and how possible policy solutions would address any specific Māori needs.
- 5.61 In order to increase diversity within the senior Public Service leadership, the Commission needed to consult widely (including with Māori public servants), in order to identify the challenges faced.
- 5.62 The Commission consulted a wide group of stakeholders on the proposed strategy and programme, drawing closely on the views of departmental chief executives as it developed policy proposals. These discussions revealed a range of issues facing Public Service leaders in the work of their departments – including:
- the challenge of relating effectively to stakeholders (including Māori);
 - addressing the implications of the Treaty; and
 - responding to various Māori interests.



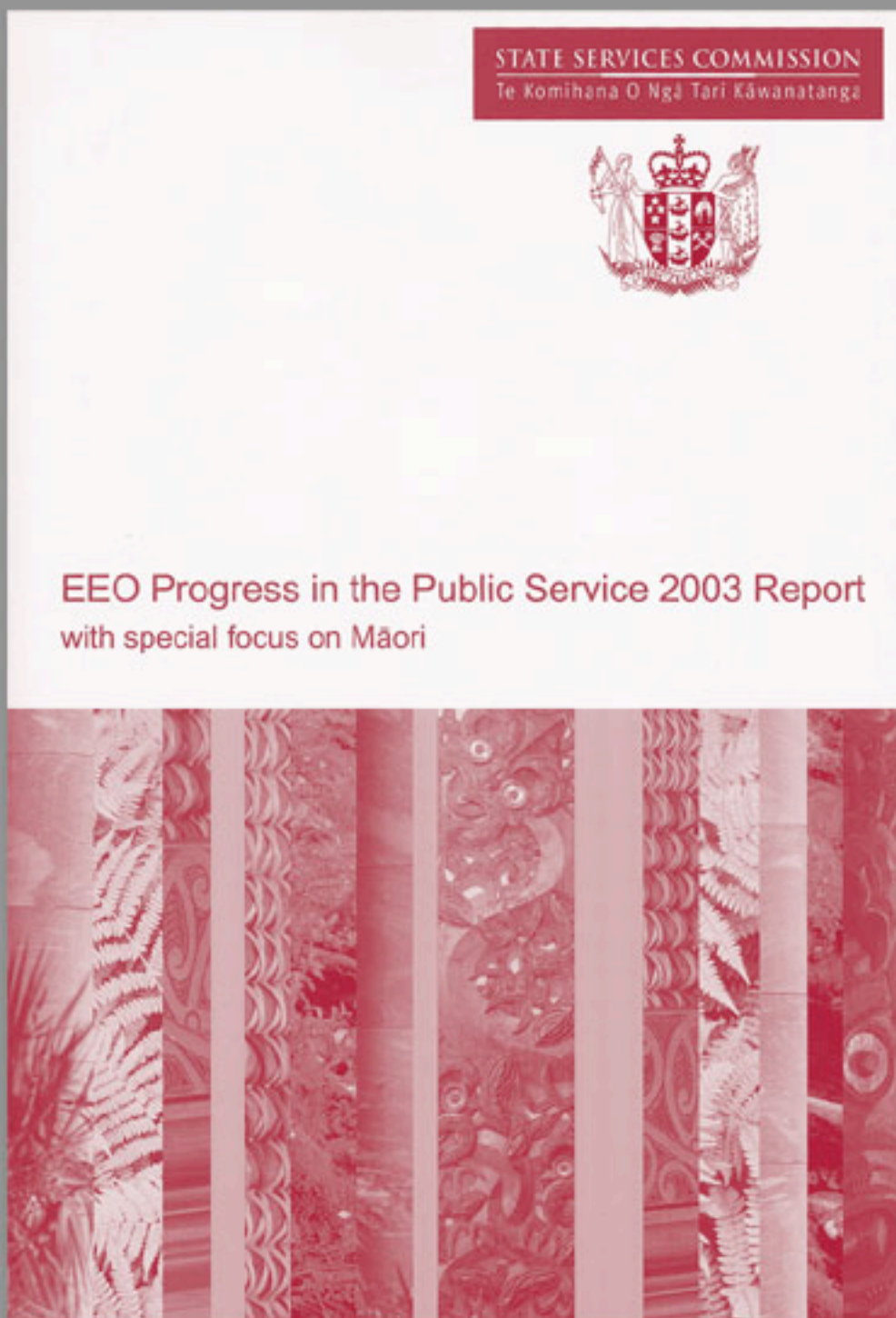
THE SENIOR LEADERSHIP AND MANAGEMENT DEVELOPMENT STRATEGY

- 5.63 Two workshops gave the Commission the opportunity to gather the views of Māori public servants on the quality requirements of senior Public Service managers, and to test the relevance of the proposed SLMD programme to Māori needs.
- 5.64 We examined elements of the SLMD programme for references to diversity as a key focus. In particular, we looked for evidence that programme components (where appropriate) sought to meet specific Māori needs, or would enhance the capability of Public Service leaders to address issues for Māori in their various roles.
- 5.65 We sought evidence that diversity had been identified as a key policy outcome, and reflected in advice given to the Government. Responsiveness to Māori and Treaty of Waitangi awareness are desirable senior leadership attributes, and thus should be reflected in the components of the proposed SLMD programme.
- 5.66 Diversity considerations are incorporated in key proposed SLMD initiatives, such as the LCP and criteria for entry into the senior leadership development programme.
- 5.67 Components of the SLMD strategy reflected diversity considerations, including the recognition of Māori needs. Responsiveness to Māori, understanding of Treaty issues, and the ability to build and maintain relationships with Māori, have all been identified as key leadership competencies.
- 5.68 The Commission drew up critical success factors by which to evaluate the impact of the SLMD strategy. These factors include growth in the participation of Māori in senior Public Service management. The success of the programme is to be formally evaluated over five years.



Part Six

Equal Employment Opportunities



Introduction

- 6.1 The concept of Equal Employment Opportunities (EEO) is concerned with the removal of unfair discriminatory practices and building inclusive systems and structures that promote equal opportunities in the workplace. Recruiting staff on the basis of merit and treating employees equitably are key features of EEO.
- 6.2 Promoting EEO in the workplace contributes to the creation of a Public Service that is capable of achieving Government outcomes in all areas of policy development and service delivery. Valuing diversity in the workplace through EEO benefits both chief executives and their employees by making the Public Service more effective, more efficient, and more responsive.
- 6.3 In this Part we focus on the role and responsibilities of the Commission in relation to EEO for Māori – having regard to the need for the Commission to treat all target groups in an equitable manner.

What We Did

- 6.4 Our examination had two key components:
- first, we discussed the Commission's function with key staff, who confirmed the Commission's role in relation to the EEO legislative requirements; and
 - secondly, we examined relevant documentation – both working papers and published documents – to confirm how the Commission gives effect to its role.



EEO – The Commissioner’s Role

The Legislative Function – the State Sector Act 1988

- 6.5 The State Sector Act 1988 divides responsibility for EEO between the Commissioner and departmental chief executives:
- Under section 6(g), the Commissioner has the function “To promote, develop, and monitor equal employment opportunities, policies and programmes for the Public Service”.
 - Under section 56, departmental chief executives must “operate a personnel policy that complies with the principle of being a good employer”. This includes having an EEO programme. The good employer principle is further defined in section 56(2)(d), which states that departmental chief executives must operate a personnel policy that recognises the needs and aspirations of Māori, the employment requirements of Māori, and the need for greater involvement of Māori in the Public Service.
 - Under section 58, departmental chief executives must develop and publish an EEO programme for their department and fulfil various reporting requirements relating to that programme.
- 6.6 Three further groups are identified in the State Sector Act. These are:
- ethnic or minority groups;
 - women; and
 - persons with disabilities.

EEO Policy to 2010: Future Directions of EEO in the New Zealand Public Service

- 6.7 The policy document *EEO Policy to 2010: Future Directions of EEO in the New Zealand Public Service* (the *EEO Policy*) prepared by the Commission and approved by Cabinet in 1997, further defines the respective roles of the Commission and departmental chief executives.



6.8 The *EEO Policy* clarified the functions of the Commission and Public Service chief executives. As part of the policy, the Commission reaffirmed its legislative function, which requires it to promote, develop, and monitor EEO within the Public Service.

6.9 The *EEO Policy* identified four areas of EEO focus:

- leadership;
- organisational culture and strategic human resource management;
- employment of EEO groups; and
- monitoring and evaluation.

The policy sets various EEO objectives for 2000 and 2010 that departments are to aim for.

6.10 The *EEO Policy* has a particular emphasis on the achievement of EEO for Māori. This reflects the need for the Public Service to give effect to section 56 of the State Sector Act, and to ensure that the Public Service has Māori staff with the managerial, policy and service delivery capability to achieve Government outcomes appropriately.

6.11 The *EEO Policy* sets the following targets:

- By 2000, Māori will increasingly comprise a critical mass in each department in order to build Public Service capability; and
- By 2010, each department will have a critical mass of Māori staff at requisite levels, contributing to managerial, policy and service delivery capability.

How Is the Commission's Role Reflected in its Accountability Documents?

6.12 The Commission's Statement of Intent (SOI) for 2003 and its Output Plan for 2003-04 should both have set out how the Commission intends discharging its responsibilities for EEO, taking account of its role as described above.

6.13 The Commission sees its EEO role as contributing to its outcomes as outlined in its SOI. However, the SOI makes no direct reference to EEO – despite this being a statutory responsibility of the Commissioner.



EQUAL EMPLOYMENT OPPORTUNITIES

- 6.14 The Commission's responsibilities for EEO are reflected in its Output Plan for 2003-04. The Commission's EEO approach is based on the desire to position the Public Service to attract and retain diverse and capable staff. The EEO outputs include:
- promoting greater co-ordination between the Public Service and selected State sector organisations on strategic HR management, EEO, and employment relations; and
 - fulfilling statutory responsibilities for EEO in the Public Service.
- 6.15 To achieve these outputs, the Commission has identified that it must:
- co-ordinate State sector agencies on human resources, EEO and employment relations matters, in order to promote more effective working together;
 - provide advice and report on EEO Performance in the Public Service, drawing on Human Resource Capability (HRC) data and other survey information; and
 - identify gaps and barriers, and implement solutions to recruitment and retention – in particular, the recruitment and retention of Māori staff.

Implementation of the Commissioner's EEO Function

- 6.16 Responsibility for giving effect to the Commission's EEO responsibilities in respect of the Public Service rests with the Strategic Development Branch.

The Promotion, Development and Monitoring of EEO by the Commission

- 6.17 The promotion, development and monitoring of EEO policies and programmes for Māori in the Public Service take place concurrently and in conjunction with one another. The Commission does this in a variety of ways, including:
- hosting presentations and seminars – which have included half-day sessions on “Making EEO Part of the Recruitment & Selection Process” and “Work and Family Balance – The Role of Employers”;



- regular updates at the monthly meetings of HR managers from across the Public Service;
- the publication of guidance documents such as *Moving Forward: EEO for People With Disabilities In The Public Service – A Practical Guide*;
- requiring departments to complete the EEO self-assessment on an annual basis;
- the annual collection of anonymous HRC data – which assists the Commission in monitoring the effect of EEO policies and being able to provide advice on departmental performance and personnel management; and
- the production of progress reports – which include data from the self-assessments completed by departments and the HRC survey.

Whole-of-Government Policy Advice and Monitoring

- 6.18 The *EEO Policy* requires the Commission to provide whole-of-government policy advice and monitoring, in order to assure the Government that its interests are being met.
- 6.19 Departments complete for the Commission a self-assessment of how well they are progressing on EEO in respect of leadership, organisational culture, strategic human resource management, and monitoring and evaluation. This self-assessment comprises measurable performance indicators in two parts – organisational context and the employment of EEO target groups.
- 6.20 In 2000, departments were required to set milestones for 2005 and targets for 2010 for employment of EEO target groups. Each year, departments are required to fill in a self-assessment of how well they are doing based on indicators of good practice. They are also required to provide a response as to whether they are meeting, or likely to meet, the numerical targets set in 2000.
- 6.21 The HRC Survey findings and the EEO self-assessment information from departments are drawn on to prepare the EEO Progress Report. The survey findings are reported annually to Cabinet in a summary form. The progress report is disseminated to departments and placed on the Commission's web site for public access. This publication of the monitoring results helps to promote EEO, which in turn should help lead to the development of EEO policies and programmes for Māori in the Public Service.

EQUAL EMPLOYMENT OPPORTUNITIES

- 6.22 The Commission also provides individual departments with:
- historical reports, showing data collected since 1995;
 - standard reports, providing breakdowns and comparisons with the rest of the Public Service and the wider employed labour force; and
 - outlier reports, showing areas where the department differs considerably from a benchmark such as the Public Service average.
- 6.23 The Commission contributes to a variety of other work being done within the State sector on EEO.

EEO Outputs with a Focus on Māori

- 6.24 The Commission has completed a range of projects in relation to EEO outputs that have a focus on Māori, including Chapter Ten of the *Career Progression and Development Survey* and the most recent progress report, which had a special focus on Māori.

Career Progression Survey: Māori in the Public Service

- 6.25 In the *Career Progression and Development Survey 2000: Results for the New Zealand Public Service*, a chapter was devoted to Māori in the Public Service. One of the reasons for this survey was to look at progress for Māori within the Public Service.
- 6.26 The *Career Progression and Development Survey* refers to a report *Recruitment and Retention Project: A Report to the Chief Executive Forum*, which notes that departments are likely to be most effective in attracting and retaining Māori staff when they are clear about how the Treaty influences their department, are explicit about wanting to attract and retain Māori staff, and have an understanding of the value that Māori bring to their department.



EEO Progress in the Public Service 2003 Report – With Special Focus on Māori

- 6.27 *EEO Progress in the Public Service 2003 Report* focuses primarily on progress towards Equal Employment Opportunities for Māori in the Public Service since the State Sector Act 1988 came into force. In particular, the report considers EEO progress for Māori in two main areas:
- increasing involvement of Māori at all levels of the Public Service since 1988; and
 - addressing the aims, aspirations and employment requirements of Māori in their employment in the Public Service.
- 6.28 The report drew extensively on quantitative data, and current initiatives for recruiting and retaining Māori were included as a basis for sharing information about them across the Public Service.

Use of EEO Information within the Commission

- 6.29 The Strategic Development Branch maintains an HRC Information Requests Log that lists all the major requests. A variety of information is requested through this method by Commission staff. This has included information on EEO, data comparisons, and department-specific information requested by DC Team members.
- 6.30 Informal discussions and information sharing also occur within the Commission, and the relevant DC Team member may also be consulted if the discussion relates to a particular department.



Our Views

- 6.31 The *EEO Policy* clearly sets out the role of the Commission and the role of departments in relation to EEO. It requires departments to set objectives for the period up to 2010, including objectives in relation to Māori participation in the Public Service.
- 6.32 The Commissioner's EEO function in relation to the Public Service is among a number of statutory obligations under the State Sector Act. This role also forms an important aspect of the Commission's broader work in promoting good management practice. It would therefore be appropriate for the role to be reflected in the Commission's Statement of Intent. However, no such reference is made.
- 6.33 Overall, the Commission is fulfilling its legislative responsibilities as required by the State Sector Act and as set out in the *EEO Policy*.
- 6.34 The results of the *Career Progression and Development Survey* provided valuable data about Māori in the Public Service, including useful information for the Commission about obstacles to increased Māori participation.
- 6.35 The publication of a progress report with a special focus on Māori was a useful initiative. The Commission is planning to examine the recruitment and retention of Māori public servants, which will complement the work on the Senior Leadership and Management Development Strategy (see Part Five on pages 71-84).
- 6.36 The HRC team records all internal requests received from other branches within the Commission. This demonstrated that EEO data was being sought and used in relation to other Commission business.

Recommendation

- 6.37 We recommend that the Commissioner address in the Commission's Statement of Intent how it will give effect to its EEO function.



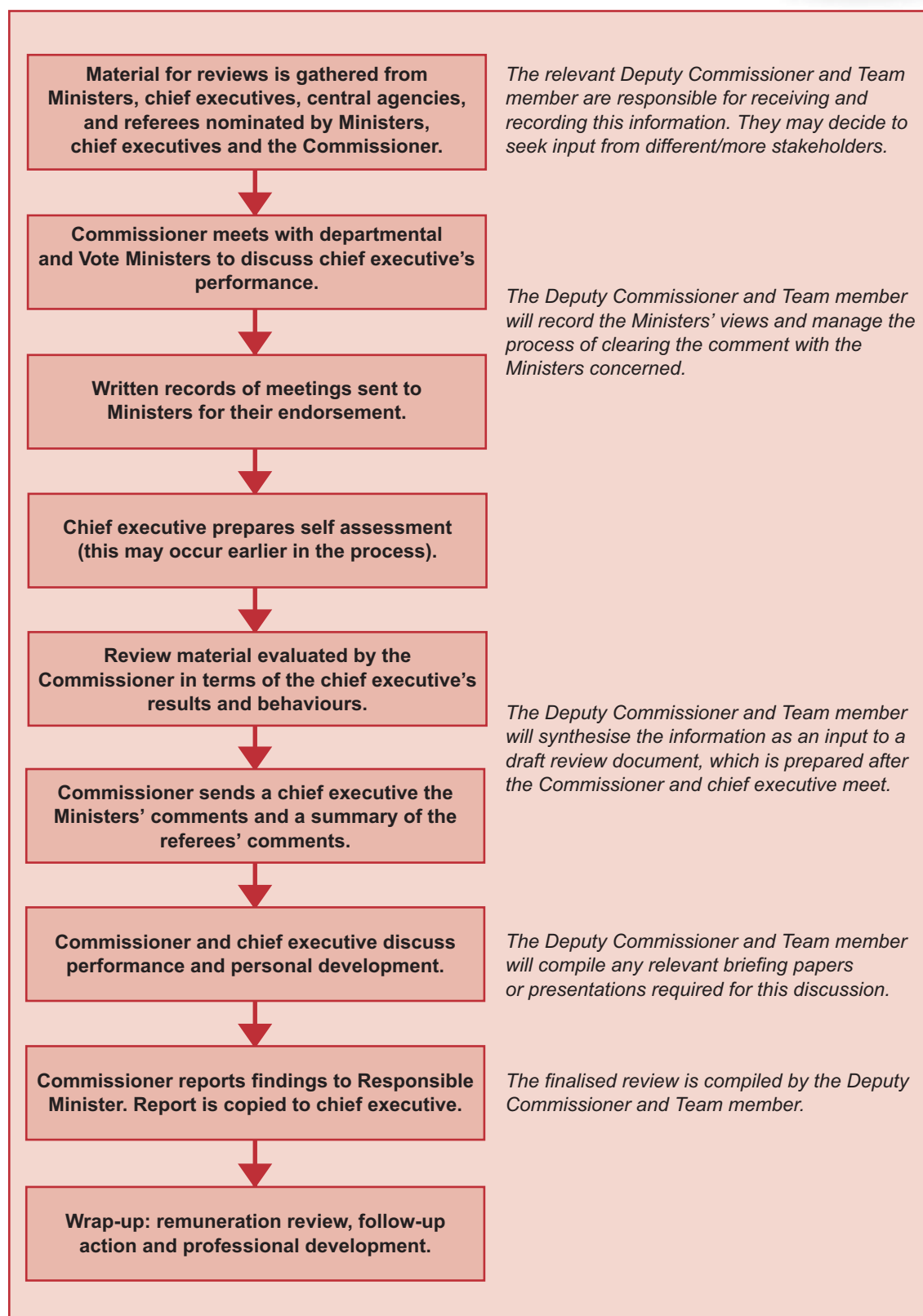
Appendix

The Chief Executive Review Process and Deputy Commissioner Teams' Involvement

Before the adoption of the DC Team approach, the processes for reviewing the chief executive's performance and the performance of the department were separate. A Letter of Expectations, setting out what was sought from the department over the coming year, was used to assess the performance of the department. Performance of the chief executives was assessed against a separate performance agreement with the responsible Minister. These processes were merged with the DC Team approach, and the chief executive's performance is now considered hand-in-hand with the performance of their department.

The various steps in the chief executive review process are shown in the diagram on the opposite page.





Recent Publications by the Auditor-General

Other publications issued by the Auditor-General in the past 12 months have been:

- Inquiry into Expenses Incurred by Dr Ross Armstrong as Chairperson of Three Public Entities
- Social Security Benefits: Accuracy of Benefit Administration
- Ministry of Health: What Further Progress Has Been Made to Implement the Recommendations of the Cervical Screening Inquiry?
- Inquiry into Public Funding of Organisations Associated with Donna Awatere Huata MP
- Auckland Region Passenger Rail Service
- Managing Threats to Domestic Security
- Annual Report 2002-03 – B.28
- Key Success Factors for Effective Co-ordination and Collaboration Between Public Sector Agencies
- Co-ordination and Collaboration in the Criminal Justice Sector
- Local Government: Results of the 2001-02 Audits – B.29[03b]
- Inland Revenue Department: Performance of Taxpayer Audit
- Auckland Regional Council 2003-04 Rates
- Management of Hospital-acquired Infection
- Central Government: Results of the 2001-02 Audits – B.29[03a]
- Disposal of 17 Kelly Street by Institute of Environmental Science and Research Limited
- ACT Parliamentary Party Wellington Out-of-Parliament Offices
- Annual Plan 2003-04 – B.28AP(03)
- New Zealand Defence Force: Deployment to East Timor –
Performance of the Health Support Services

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Controller and Auditor-General

Tumuaki o te Mana Arotake

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